

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs Branch**

**RESOLUTION T- 17462
NOVEMBER 20, 2014**

R E S O L U T I O N

Resolution T-17462. This Resolution conditionally grants the request of Telrite Corporation (U-4442-C) doing business as "*Life Wireless*" to be designated as an Eligible Telecommunications Carrier to provide only federal Lifeline wireless service in California.

Summary

By this Resolution, the California Public Utilities Commission (CPUC or Commission) conditionally grants the request of Telrite Corporation (Telrite) (U-4442-C), a wireless carrier doing business as "*Life Wireless*," to be designated as an Eligible Telecommunications Carrier (ETC). In requesting ETC authority, Telrite seeks to provide only federal Lifeline wireless service to qualifying customers throughout California including federally-recognized Tribal lands, but is not seeking California LifeLine fund support at this time.

Background

Congress directed the Federal Communications Commission (FCC) to establish universal service support (USF) mechanisms to ensure that "[q]uality services [are] available at just, reasonable, and affordable rates" for consumers throughout the nation.¹ The FCC's and the CPUC's Lifeline programs further this goal by providing discounts on monthly telephone services to eligible low-income consumers.

Federal ETC Designation Requirements

In order to receive federal universal service support, an applicant must be designated as an ETC. Section 254(e) of the Communications Act, as amended (the Act), states that "only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific federal universal service support."²

¹ 47 U.S.C. § 254(b)(1).

² 47 C.F.R. §§ 54.400 *et seq.* contains the FCC's Lifeline rules issued to implement § 254 of the Act. 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.

Under Section 214(e)(2) of the Act, state commissions are given the primary responsibility for designating ETCs in their states. Under this section, “[u]pon request and consistent with the public interest, convenience, and necessity, the state commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the state commission” so long as the requesting carrier meets the requirements of Section 214(e)(1). Section 214(e)(1) provides that, a common carrier designated as an ETC must offer services supported by the federal Universal Service Fund (USF) throughout the designated service area either by using its own facilities, resale, or by a combination of its own facilities and resale of another carrier’s services and must advertise the services and the related charges using advertising media of general distribution throughout the designated service area. Advertising must include the availability of Lifeline services in a manner reasonably designed to reach those likely to qualify for those services.

In addition, state commissions must determine whether an ETC designation serves the public interest consistent with Section 254 of the Act by examining the benefits of increased consumer choice, the impact of the designation on the universal service fund and the unique advantages and disadvantages of the competitor’s service offering.³

California Public Utilities Commission ETC Designation Requirements

A carrier seeking an ETC designation must also comply with the CPUC’s ETC rules. 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); a statement of commitment to provide service; submission of the 2-year service quality improvement plan; a showing of the ability to remain functional; a statement of commitment to consumer protection; demonstration that a carrier’s usage plan is comparable to that of the incumbent LEC in the proposed service area; and a public interest determination.

Notice/Protests

Telrite served its advice letter filing via email on all parties on the ETC service list and the AL appeared in the Commission’s Daily Calendar on March 12, 2013. No protests were received.

³ 47 U.S.C. § 254(e)(2).

Discussion

Company Overview and Proposed Lifeline Rate Plans

Telrite Corporation (Telrite), doing business as "*Life Wireless*," is a prepaid wireless service provider with principal offices at 1480 Terrell Mill Road, SE, Suite 104, Marietta, Georgia, 30067. Using AT&T as its underlying carrier, Telrite plans to offer its service throughout the service areas of AT&T to the extent it has facilities and coverage.

On December 17, 2012, the Commission issued Telrite its Wireless Identification Registration number U-4442-C allowing it to operate as a reseller of commercial mobile radio service (CMRS) to the public in California.

On March 8, 2013, Telrite submitted its Tier III Advice Letter (AL) 1 requesting ETC designation to receive federal support to provide only federal Lifeline prepaid wireless service to eligible customers as "*Life Wireless*." Telrite only seeks federal Lifeline support and not California LifeLine fund support.

On August 21, 2014, Telrite submitted AL Supplement 1A to request approval to provide service to all of California, including federally-recognized Tribal lands, and to revise its rate plan offerings to one offering, the *California 1,200 Plan*. The *California 1,200 Plan* includes 1,200 minutes of voice, texts equivalent to 3 texts for 1 minute, for \$12.95 to eligible Lifeline customers with no activation fee. Customers may purchase additional minutes as airtime minutes in a variety of denominations from \$5 for 60 minutes (\$0.083 per minute) up to unlimited talk and text for 1 month for \$29.95. Airtime minutes are available for purchase at the company's retail locations through any Money Gram location and on Telrite's website.

Compliance with Federal Rules

Federal ETC Requirements:

A carrier must satisfy all FCC ETC requirements in order to receive an ETC designation. Telrite 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), Telrite 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, AT&T.

Advertise using media of general distribution - Telrite 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. As part of its AL, Telrite included sample advertising and customer terms and conditions.

Commitment to provide service throughout the designated service area – Telrite commits to provide service statewide based on the build-out of the facilities and availability of service of its underlying facilities-based carrier, AT&T. Telrite states that it will promptly provide traditional non-Lifeline service using standard customer equipment and will change the customer’s classification per the Lifeline program eligibility requirements upon verification of eligibility. If a potential customer is within Telrite’s service area but outside its existing network, Telrite has committed to provide service within a reasonable period of time if it determines that such service can be provided at a reasonable cost. In addition, Telrite has committed to offer service to Tribal lands and is coordinating with the Tribal Nations to obtain supporting documentation that will demonstrate the Nations’ interest in and support of Telrite services. CD staff recommends that the Commission direct Telrite, prior to beginning service, to provide a letter to the Communications Division Director confirming the status of agreement with Tribal lands in the service area it plans serve.

Demonstration of ability to remain functional - Telrite’s agreement with AT&T allows the company to provide to its customers the same ability to remain functional in emergency situations as currently provided by AT&T 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. AT&T has redundancies, back-up generator power, and an extensive disaster recovery program.

Reseller's submission of FCC-approved *compliance plan* – Telrite submitted a revised compliance plan approved by the FCC on December 26, 2012.

Demonstration of financial and technical capability – Telrite is financially and technically capable of providing Lifeline services. Telrite possesses ETC designations in 27 states, Puerto Rico, and the Virgin Islands. The carrier has been offering Lifeline service to customers since October 2010. Telrite also offers several other telecommunication services in addition to its Lifeline service. In 2011, the wirelines services offered by Telrite produced substantial net income, revenue generated from more than 30,000 customers of Telrite’s local and long distance service for which it has provided for over 10 years. In sum, Telrite has access to sufficient funds to run its business and is not solely dependent on reimbursements from the fund.

Commitment to meet public interest requirements for the proposed service areas – Telrite asserts that it meets the FCC public interest criteria because it will provide a valuable alternative to the existing telecommunications services currently available in the state. Telrite would provide an option that would increase consumer choice, competitive service offering, and mobility as well as the safety and security of effective 911 and E911 services through its portable and convenient wireless service.

Commitment to satisfy all applicable consumer protection and service quality standards – Telrite 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*. In addition, it commits to use its best efforts to resolve customer complaints received by the Commission.

Agreement to apply the Lifeline support discount to residential retail plans – Telrite states that it will apply the \$9.25 federal Lifeline support amount to its proposed plans.

CD staff observes that Telrite did not demonstrate compliance with the following three federal ETC requirements. CD staff does find the omissions to be critical and makes these recommendations:

- 1) Telrite did not specifically address its commitment to file federal compliance reports (e.g., Form 481, etc.) annually. CD staff recommends that the Commission direct Telrite to file federal compliance reports with the FCC and this Commission.
- 2) Telrite did not address more recent FCC ETC requirements. For instance, 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. Telrite should address and include the following data and information in its annual reports:⁴
 - ¶ 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

⁴ 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)

- 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) Telrite did not confirm that, when approved for ETC designation, it will submit specific information to USAC. Federal law, specifically 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 the ETC's Lifeline plan meets the universal service support criteria for low-income consumers, including the terms and conditions of voice telephony service plans and the plan details.⁵ To comply with § 54.401(d), CD recommends that the Commission direct Telrite to file the applicable information with USAC. USAC in turn will review the service plans to ensure they meet the federal Lifeline requirements. Once USAC approves the service plans, Telrite shall provide to the Communications Division Director a copy of the information submitted to USAC and a copy of Telrite's certification of approval from the USAC within 30 days of receipt from USAC.

With implementation of the three recommendations covered above, CD staff believes Telrite would be 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.)⁶ Telrite requested a waiver of the following California LifeLine basic service elements: (4) the ability to receive free incoming calls, (10) choice of flat-rate or measured-rate local service; (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, and (21) access to *two residential*

⁵ 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.

⁶ 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.

lines if a low income household with a disabled person requires both lines to access Lifeline.⁷

CD staff recommends granting waivers from elements (4), (10), (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. However, CD staff recommends denying Telrite's 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.⁸ Therefore, Telrite is required to provide access to two residential lines if a low-income household with a disabled person requires both lines to access Lifeline.

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.⁹ Telrite 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, Telrite will process an adjustment by crediting the customer account for the Lifeline rate during the initial period of use. If the customer is not Lifeline-eligible, the customer will continue as a traditional non-Lifeline customer with the option to terminate the service at any time without incurring fee(s).

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

⁷ D.10-11-033 (November 19, 2010).

⁸ D.14-01-032 (January 16, 2014), *Attachment D, Appendix A-2*, service element 17 (revised).

⁹ GO 153, § 4.2.1. The current California LifeLine Administrator is Xerox.

Resolution T-17002 Compliance:

Telrite 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, Telrite was current with payment of the annual PUC User Fees and universal service public purpose program surcharges. As a condition of its Commission authority and its ETC designation, Telrite must continue to remain current with its payments. The Commission may revoke Telrite'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.

Telrite states it has the ability to remain functional in emergency situations by working with its underlying carrier, AT&T. Telrite 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:

In AL Supplement 1A, Telrite requests approval to serve the entire state, including the Tribal lands, throughout all areas of California served by AT&T's network.

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.¹⁰ In the Lifeline Order, the FCC clearly states the importance of promoting universal service principles¹¹ and in that context, the Lifeline program includes a public interest determination particularly for Lifeline-only ETCs where forbearance of the facilities-based requirement exists.¹² Since the federal Lifeline program adopted a technology-neutral definition for supported service, Telrite proposes to give consumers a choice of a prepaid wireless rate plan that provides larger local calling areas than traditional wireless service through its mobile connectivity. In addition, Telrite service provides convenience and security, the opportunity for customers to control cost by receiving a preset amount of monthly airtime at low cost, the ability to purchase additional usage at flexible and affordable amounts, 911 service and, where available, E911 service.

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

¹⁰ *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*.

¹¹ 47 U.S.C. § 254(b)(c)(e)(2).

¹² *Lifeline Reform Order* at ¶¶ 219, 378, 362, and fn 968.

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 Telrite's proposed offering using the expected monthly cost to a low-income consumer based on average minutes of use¹³ compared to similar incumbent local exchange carrier (ILEC) Lifeline plans and other wireless ETC Lifeline plans. As proposed, Telrite's *California 1,200 Plan* has equal or better value for low-income customers when compared to other prepaid wireless Lifeline packages. See Chart 1 for comparison details.

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								
Telrite Corporation dba Life Wireless	Nexus 250	Budget Mobile 250	TAG Basic Plan 250	Total Call 250 Plan	Boomerang 250 Minute Basic Plan +25MB data	Virgin Mobile 250	Telscape 300	Budget Mobile 500	Virgin Mobile 500
Avg. MOU*	615	615	615	615	615	615	615	615	615
Basic Plan Minutes (allowance)	250	250	250	250	250	250	300	500	500
Texts included	-	50	250	1 txt = 1 min	-	250	1 txt = 1 min	100	500
Data included	-	-	-	-	25 MB	-	-	-	-
Avg. Excess MOUs	365	365	365	365	365	365	315	115	115
Cost per Min in excess of allowance **	\$0.033	\$0.033	\$0.033	\$0.033	\$0.040	\$0.100	\$0.030	\$0.033	\$0.100
Cost of excess minutes	\$12.05	\$12.05	\$12.05	\$12.05	\$14.60	\$36.50	\$9.45	\$3.80	\$11.50
Min. Lifeline Plan Cost (per D.10-11-033) or Cost per Plan	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.50	\$5.00	\$5.00
Total GO 153 Cost to Customers	\$12.05	\$12.05	\$12.05	\$12.05	\$14.60	\$36.50	\$11.95	\$8.80	\$16.50
Caller ID	\$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
Voicemail	\$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
Total Additional costs of vertical features	\$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	\$12.05	\$12.05	\$12.05	\$12.05	\$14.60	\$36.50	\$11.95	\$8.80	\$16.50

* 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.

¹³ 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).

	Prepaid Wireless Lifeline Plans - Continued										
Telrite Corporation dba Life Wireless	Virgin Mobile 1000	Nexus 1000	Budget Mobile 1000	TAG Mobile Plan 1000	Telscape 1100	Telrite California 1200 Plan	Total Call Unlimited Talk & Text	Virgin Mobile Unlimited	TAG Mobile Plan Unlimited	Budget PrePay Unlimited Talk/Text	Total Call Unlimited Talk, Text, & Data
Avg. MOU*	615	615	615	615	615	615	615	615	615	615	615
Basic Plan Minutes (allowance)	1,000	1,000	1,000	1,000	1,100	1,200	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Texts included	1,000	-	250	1,000	1 txt = 1 min	3 text = 1 min	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Data included	-	-	-	-	-	-	-	-	-	-	Unlimited
Avg. Excess MOUs	-	-	-	-	-	-	-	-	-	-	-
Cost per Min in excess of allowance **	-	-	-	-	-	\$0.083	-	-	-	-	-
Cost of excess minutes	-	-	-	-	-	\$0	-	-	-	-	-
Min. Lifeline Plan Cost (per D.10-11-033) or Cost per Plan	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$12.95	\$29.99	\$30.00	\$30.00	\$32.00	\$39.99
Total GO 153 Cost to Customers	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$12.95	\$29.99	\$30.00	\$30.00	\$32.00	\$39.99
Caller ID	\$0.00	\$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	\$0.00
Voicemail	\$0.00	\$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	\$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	\$0.00
Total Cost to Lifeline Customers with 615 MOU and additional costs of vertical features	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$12.95	\$29.99	\$30.00	\$30.00	\$32.00	\$39.99

* 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.

Comparable Local Usage and Equal Access

To demonstrate that its proposed federal Lifeline wireless plans are reasonable, Telrite provided a summary comparing its federal Lifeline wireless plan 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 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)

		ILEC MR Lifeline Plans				Prepaid Wireless Retail Plans					
Telrite Corporation dba Life Wireless	Telrite California 1200 Plan	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
Basic Plan Minutes (allowance)	1,200	146	146	146	146	1,500	1,000	Unlimited	Unlimited	Unlimited	450
Texts included	3 text = 1 min	-	-	-	-	1,500	-	Unlimited	Unlimited	Unlimited	Unlimited
Data included	-	-	-	-	-	30 MB	-	Unlimited	Unlimited	Unlimited	-
Avg. Excess MOUs**	-	469	469	469	469	-	-	-	-	-	165
Cost per Min in excess of allowance	\$0.083	\$0.033	\$0.033	\$0.033	\$0.033	\$0	\$0	\$0	\$0	\$0	\$0.45
Cost of excess minutes	\$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	\$12.95	\$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	\$12.95	\$17.98	\$19.14	\$17.98	\$19.14	\$30.00	\$20.00	\$40.00	\$45.00	\$50.00	\$134.24
Caller ID	\$0.00	\$9.99	\$9.99	\$7.95	\$7.95	-	-	-	-	-	-
Long Distance	\$0.00	\$6.99*	\$6.99*	\$15.99	\$15.99	-	-	-	-	-	-
Voicemail	\$0.00	N/A	N/A	\$7.45	\$7.45	-	-	-	-	-	-
Federal Excise Tax	\$0.00	\$0.08	\$0.11	\$0.08	\$0.11	-	-	-	-	-	-
Total Additional costs of vertical features	\$0.00	\$17.06	\$17.09	\$31.47	\$31.50	-	-	-	-	-	-
Total Cost to Lifeline Customers with 615 MOU and additional costs of vertical features	\$12.95	\$35.04	\$36.23	\$49.45	\$50.64	\$30.00	\$20.00	\$40.00	\$45.00	\$50.00	\$134.24

* 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.

CD staff finds Telrite's *California 1,200 Plan* to be an acceptable choice as it offers 1,200 minutes of voice for \$12.95 per month to the low-income customer when compared to other similar bucket-of-minute plans.

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, CD's conducting independent research about a carrier's past operations to provide the Commission with information that may be pertinent in deciding whether or not to grant the ETC designation request. Typical research methods include 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 December 9, 2013, to Telrite.¹⁴ 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 nine states to identify intra-company and inter-company duplicates. Of 1,010,012 subscribers reported, USAC identified 4,387 intra-company duplicates, an error rate of 0.43%.

The FCC has not adopted a threshold for an acceptable level of duplicates. To assess Telrite's error rate, CD staff relied upon the Federal *Improper Payments Elimination and Recovery Act of 2010* (IPERA)¹⁵ 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 Telrite's 0.43% duplicate rate does not rise to the level of a "significant" risk

¹⁴ FCC 13-143 (December 9, 2013).

¹⁵ 31 U.S.C.3321 note, July 22, 2010.

that justifies a denial of their ETC designation request. The Commission approved this approach in granting ETC designation to i-wireless, LLC.¹⁶

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 the same name twice by blocking duplicate enrollment attempts via live Internet connections. Beginning April 2014 to the present, Telrite 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 ETC carriers.

CD's due diligence review of Telrite found that the Nebraska Public Service Commission (Nebraska PSC) granted ETC designation in May 2013. At a July 2013 sign-up event, Telrite's third-party contractor used a non-approved Nebraska PSC Lifeline form. The Nebraska PSC proceeded with a show-cause order and revoked Telrite's authority in October 2013. Telrite filed an appeal with the Nebraska Supreme Court where the court reversed the Nebraska PSC order of revocation as being excessive for the oversight and remanded the issue back to the Nebraska PSC. Telrite admitted the error in testimony explaining the oversight while beginning operations. Since then, Telrite has put into place a process to ensure full compliance with future sign-ups. CD staff reviewed the facts publicly available and the proposed outcomes and does not believe it is in the public interest to deny Telrite ETC designation based on the Nebraska incident. The carrier accepted responsibility for the error, amending its process to ensure full compliance and to avoid another incident.

CD staff did not uncover any other fitness issues to deny approval of Telrite's ETC request. We, therefore, find Telrite's ETC request consistent with the public interest but if substantive issues emerge after this ETC is approved which raises public interest questions about Telrite'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

¹⁶ T-17449 (September 11, 2014)

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 Telrite 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.

Future Changes to Federal Lifeline Wireless Plans:

Regarding future changes that Telrite may want to make to the federal Lifeline wireless plan offerings, CD recommends as follows:

1. For changes to Telrite's Lifeline-only plan which is not based on a retail plan currently available to all prospective customers at the time of filing, the company must file a Tier II Advice Letter to request approval of any changes.¹⁷ 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 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 plans 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. Any future changes to a California federal Lifeline plan(s) that is based on retail plans shall be noticed via an Information-Only filing.

Final Conclusions and Staff Recommendations:

CD staff recommends conditional approval of Telrite's request for an ETC designation for the purpose of offering federal Lifeline wireless service throughout California, including federally-recognized Tribal lands. CD staff specifically recommends conditional approval for Telrite to offer:

- *California 1,200 Plan* of talk, a Lifeline-only offering for \$12.65 per month.

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

¹⁷ Resolution T-17339 Ordering Paragraph 3.

- Telrite will provide a letter to the Director of Communications Division confirming the status of Tribal land agreement(s) to Telrite's plans to provide federal wireless Lifeline service.
- Telrite will file required annual reports and compliance reports with the FCC and the Commission, as directed;
- Telrite 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. Telrite 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 Telrite's certification of approval from the USAC;
- Telrite will provide marketing materials to the CPUC California LifeLine staff for review prior to distribution and advertising which will clearly label its plan as a *"federal Lifeline service"*;
- Telrite will continue 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 Telrite's ETC designation and/or wireless identification registration authority; and,
- Telrite 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 October 20, 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. 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. Telrite Corporation doing business as *"Life Wireless"* is a prepaid wireless service provider with principal offices at 1480 Terrell Mill Road, SE, Suite 104, Marietta, Georgia, 30067. Using its underlying carrier AT&T, Telrite Corporation plans to offer its service through the service areas of AT&T to the extent it has facilities and coverage.

2. On December 17, 2012, the Commission issued Telrite Corporation its Wireless Identification Registration number U-4442-C allowing it to operate as a commercial mobile radio service (CMRS) provider to the public in California.
3. Telrite Corporation only seeks federal Lifeline support and does not seek California LifeLine fund support.
4. On March 8, 2013 Telrite Corporation submitted Tier III Advice Letter (AL) 1 requesting ETC designation to offer only federal Lifeline prepaid wireless service to eligible customers doing business as "*Life Wireless*." Telrite Corporation proposed three Lifeline-only plans.
5. On August 21, 2014, Telrite Corporation submitted Advice Letter Supplement 1A requesting to modify its offerings to one Lifeline-only plan, the *California 1,200 Plan* at customer cost of \$12.95 per month, and to request expanding its proposed service area to include the entire state of California including federally-recognized Tribal lands in the state.
6. Telrite Corporation commits to provide service in the designated service area including federally-recognized Tribal lands and shall send a letter to the Communications Division Director confirming the status of Tribal land agreement(s) to Telrite's plans to provide federal Lifeline wireless service.
7. Telrite Corporation shall file all federal annual and compliance reports (e.g., Form 481, improvement plans, outage and company information, etc.) with the Federal Communications Commission and with this Commission.
8. Telrite Corporation 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 Telrite Corporation's certification of approval from the USAC shall be provided to the Communications Division Director within 30 days of receipt from USAC.
9. Telrite Corporation meets the Federal Communications Commission's Eligible Telecommunications Carrier requirements.
10. Telrite Corporation requested waivers of California LifeLine service elements: (4) the ability to receive free incoming calls, (10) choice of flat-rate or measured rate local service, (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, 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), (10), (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 deny Telrite Corporation's 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)*).
13. Telrite Corporation 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.
14. Telrite Corporation 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.
15. Telrite Corporation 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.
16. Telrite Corporation commits to comply with CPUC User Fee and universal service 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 Telrite Corporation's Eligible Telecommunications Carrier designation and/or wireless identification registration authority.
17. Communications Division finds that Telrite Corporation's proposed federal Lifeline wireless plan meets 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.

18. Communications Division finds Telrite Corporation's federal Lifeline wireless plan to have equal or better value in its Lifeline plan pricing for low-income customers:
 - *California 1,200 Plan* with 1,200 minutes of talk and text, a Lifeline-only offering for \$12.95 per month.
19. 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.
20. Communications Division conducted due diligence review to determine Telrite Corporation'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.
21. 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 Telrite Corporation's operations.
22. For public safety reasons, Telrite Corporation 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.
23. 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 Telrite Corporation's *California 1,200 Plan* that is 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.
24. On October 20, 2014, the Commission emailed a draft of this resolution to the eligible telecommunications carrier service list for public comments.
25. Communications Division did not receive comments on this resolution.

THEREFORE, IT IS ORDERED that:

1. The Commission conditionally approves Telrite Corporation's (U-4442-C), doing business as "*Life Wireless*," request for an eligible telecommunications carrier (ETC) designation to provide only federal Lifeline wireless service to qualifying customers throughout California, including federally-recognized Tribal lands.
2. Telrite Corporation's ETC designation approval shall be contingent upon the following: 1) Telrite will provide a letter to the Director of Communications Division confirming the status of Tribal land agreement(s) to Telrite's plans to provide federal wireless Lifeline service; 2) Telrite Corporation shall file required federal annual and compliance reports with the Federal Communications Commission and this Commission; 3) Telrite Corporation shall submit to the Communications Division Director a copy of the information submitted to Universal Service Administrative Company and a copy of Telrite Corporation'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; and, 4) Telrite Corporation shall clearly identify its wireless mobility safety content on all distributed federal Lifeline materials and on the company website.
3. Telrite Corporation doing business as "*Life Wireless*" shall offer this federal Lifeline wireless service plan:
 - *California 1,200 Plan* with 1,200 minutes of talk and text, a Lifeline-only offering for \$12.95 per month.
4. Telrite Corporation shall use a Tier II Advice Letter to request approval for future changes to its federal Lifeline *California 1,200 Plan* which is 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. Telrite Corporation 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.
6. Telrite Corporation shall be authorized waivers for these five requested service elements of California LifeLine: (4) the ability to receive free incoming calls, (10) choice of flat-rate or measured rate local service, (11) free provision of one directory listing per year, (12) availability of free white pages telephone directory, and (15) free access to 800 and 800-like toll-free numbers.
7. Telrite Corporation 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.

8. Telrite Corporation shall continue to comply with all applicable Commission rules and regulations including the reporting and payment of Public Utilities Commission User Fees and universal service public purpose program surcharges. Failure to do so may result in the revocation of its ETC designation and wireless identification registration authority to operate in California.

This Resolution is effective today.

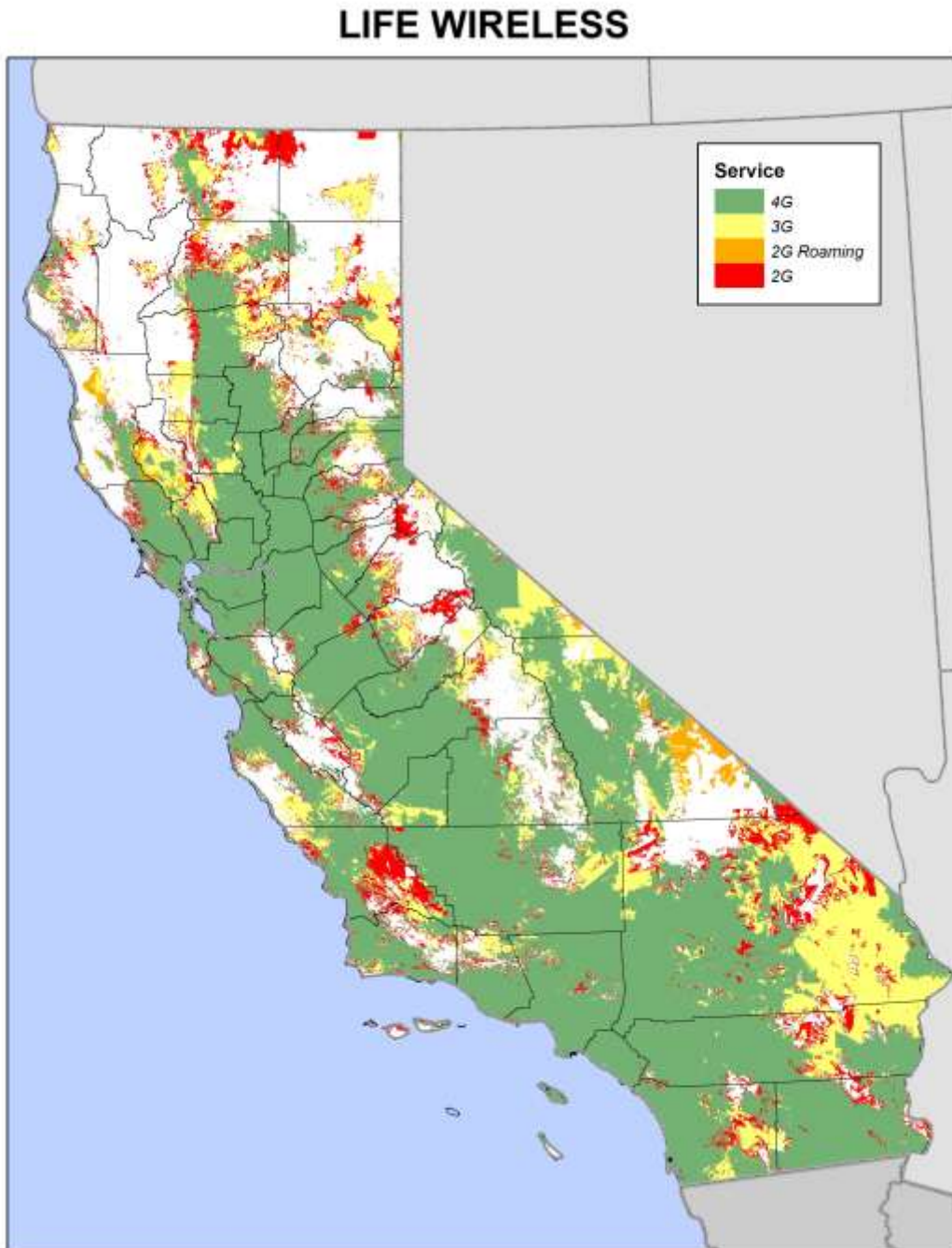
I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 20, 2014, the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

APPENDIX A
Resolution T-17462

Attachment A
Resolution T-17462
Telrite Corporation dba Life Wireless

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



Attachment B
Resolution T-17462
Telrite Corporation dba Life Wireless

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)