



California Public Utilities Commission
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PRESS RELEASE

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CPUC ISSUES PROPOSAL THAT WOULD REQUIRE CONSUMER PROTECTIONS FOR VERIZON'S ACQUISITION OF TRACFONE

SAN FRANCISCO, October 15, 2021 - The California Public Utilities Commission (CPUC), in ongoing efforts to ensure protections for telecommunication customers, today issued a proposal that would approve Verizon Communications' acquisition of TracFone Wireless with consumer protection conditions to ensure the proposed acquisition will be in the public interest. The proposal will be considered at the CPUC's November 18, 2021 Voting Meeting.

The CPUC reviews proposed telecommunication mergers and acquisitions to ensure they are in the public interest. The proposal issued today, formally called a Proposed Decision (<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M415/K275/415275161.PDF>), finds that Verizon and TracFone do not meet the burden of proving their proposed acquisition is in the public interest unless the companies adopt a number of specific measures to protect consumers from price increases or service disruptions.

Under today's proposal, the consumer protection measures include a series of requirements that will enhance service quality and benefits for impacted customers including those participating in the [California LifeLine](#) program, which subsidizes phone services based on income qualifications. These enhancements and protections include:

- Verizon and TracFone must participate in the California LifeLine program for as long as they operate in California, and Verizon must offer California Lifeline plans, phones, and devices in its stores.
- To ensure that TracFone maintains a significant level of participation in California LifeLine in future years, TracFone and Verizon must have enrolled at least 200,000 California



LifeLine subscribers by June 30, 2023. Additionally, at least 15 percent of those California LifeLine subscribers must be in low-income disadvantaged communities.

- Verizon must provide new phones to current TracFone customers with phones that are incompatible with Verizon's network, including California LifeLine customers, at no additional cost. In areas where Verizon offers 5G, it must offer these California LifeLine customers 5G-enabled phones. Current TracFone customers that cannot remain TracFone customers because they are not located in an area served by Verizon must be provided free phones.
- In order to facilitate a predictable and timely transition for customers, Verizon and TracFone must migrate all TracFone customers to Verizon's network within six months following the close of the acquisition, giving priority to TracFone's current California LifeLine customers.

The proposal also establishes a reporting process as well as a mitigation enforcement program with penalties if specific performance requirements are not met.

Verizon Wireless provides nationwide voice and data services. TracFone is an indirect, wholly owned subsidiary of América Móvil that sells and distributes prepaid, no-contract wireless phones and wireless voice service. TracFone does not own its own wireless network, so it operates as a mobile virtual network operator that relies on facilities-based network providers to offer service through wholesale service agreements. Under the proposed acquisition, TracFone would become a wholly owned direct subsidiary of Verizon. Verizon intends to migrate all TracFone customers currently using the networks of other providers (in general, AT&T and T-Mobile) to Verizon's network.

The CPUC's Commissioners are scheduled to vote whether to approve the Proposed Decision at the CPUC's November 18, 2021 Voting Meeting.

Members of the public can comment on the proposal and view documents related to the proceeding at: https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:A2011001.



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