



California Public Utilities Commission
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PRESS RELEASE

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CPUC REQUIRES CONSUMER PROTECTION MEASURES FOR VERIZON'S ACQUISITION OF TRACFONE

SAN FRANCISCO, November 18, 2021 - The California Public Utilities Commission (CPUC), in ongoing efforts to ensure reliable and affordable telecommunication services, today approved Verizon Communications' acquisition of TracFone Wireless with consumer protection conditions to ensure the acquisition will be in the public interest.

The CPUC reviews proposed telecommunication mergers and acquisitions to ensure they are in the public interest. Today's Decision finds that in order for Verizon and TracFone to meet the burden of proving their acquisition is in the public interest, they must adopt a number of specific measures to protect consumers from price increases and service disruptions.

Today's Decision imposes consumer protection measures 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:

- TracFone or Verizon must participate in California LifeLine for 20 years after the close of the transaction.
- To ensure that TracFone maintains a significant level of participation in California LifeLine in future years, TracFone and Verizon must enroll at least 200,000 California LifeLine subscribers by December 31, 2025. Additionally, by December 31, 2023, at least 15 percent of California LifeLine subscribers must be in low-income disadvantaged communities.
- TracFone or Verizon must offer LifeLine customers a phone at no cost, including 5G phones after the first year of the merger, in locations where Verizon currently offers 5G retail services.



- TracFone or Verizon must offer plans with comparable voice, text, and data at the same or a lower price as TracFone currently offers for a total of five years following the close of the transaction.
- All Verizon branded stores must advertise and offer enrollment in the California LifeLine program.

In order to facilitate a smooth transition for customers, Verizon and TracFone must migrate all TracFone customers to Verizon's network within two years following the close of the acquisition, giving priority to TracFone's current California LifeLine customers at risk of having their service compromised.

The Decision also establishes a reporting process as well as an enforcement program to ensure compliance with the conditions ordered, with penalties if specific performance requirements are not met.

"Our Decision imposes several important consumer protection conditions, beyond what the companies proposed in their application, to ensure that low-income customers in particular benefit from the merger," said Commissioner Clifford Rechtschaffen.

"I appreciate the steps this Decision has taken to ensure that LifeLine continues to be provided to TracFone's existing customers and that Californians will have even greater access to the LifeLine program through this acquisition," said Commissioner Genevieve Shiroma.

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 acquisition, TracFone will 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 proposal voted on is available at

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M423/K539/423539374.PDF>.

Documents related to this proceeding are available at

https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:A2011001.

The CPUC regulates services and utilities, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

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