
TO: COMMISSIONERS AND ADVISORS

FROM: ERIC PAULSON AND LOGAN SCHAEFBAUER

RE: TC24-005 IN THE MATTER OF THE FILING OF TRACFONE WIRELESS, INC.'S PETITION FOR APPROVAL OF A DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER IN THE STATE OF SOUTH DAKOTA FOR THE LIMITED PURPOSE OF PROVIDING LIFELINE SERVICE TO QUALIFYING CUSTOMERS

DATE: AUGUST 8, 2025

Commission Staff (Staff) submits this Memorandum regarding the petition of TracFone Wireless, Inc. (TracFone), for designation as an Eligible Telecommunications Carrier (ETC) in South Dakota for the Limited Purpose of Providing Lifeline Service to Qualifying Customers. On May 27, 2025, TracFone filed a letter in the docket noticing that it has changed its name to Verizon Value, Inc. And notes that all references to TracFone shall now be Verizon Value, Inc. (Verizon Value or Company).

BACKGROUND

On February 1, 2024, Verizon Value filed a petition for designation as an ETC (Petition) throughout the state of South Dakota, including federally recognized tribal lands, for the purpose of receiving federal low-income universal service support for prepaid wireless services, specifically Lifeline services.

On February 7, 2024, the South Dakota Telecommunications Association (SDTA) filed a petition to intervene in the docket. On February 22, 2024, the South Dakota Public Utilities Commission (PUC or Commission) issued an Order Granting Intervention to SDTA. On June 3, 2024, the Commission received a Stipulation between Verizon Value and SDTA. The Stipulation states that any ETC designation to result from this docket shall be limited to South Dakota CenturyLink wire centers only and shall not extend into any rural service area served by an SDTA member company. The Stipulation further states that, “[a]s a result, SDTA withdraws its pending discovery requests and will not raise objection to TracFone’s ETC designation as provided in its Petition and this Stipulation and Agreement.”

On October 15, 2024, February 10, 2025, and May 29, 2025, Verizon Value responded to Staff’s data requests. On August 6, 2025, Verizon Value submitted amended responses to Staff’s data requests. On January 23, 2025, SDTA responded to Staff’s data request. This Memorandum is based on Verizon Value’s Petition and accompanying filings in Docket TC24-005, Verizon Value’s responses to Staff’s data requests, and Staff’s independent research.

OVERVIEW

Staff followed the framework provided by State and Federal rules to ensure Verizon Value meets the specific requirements and standards needed to be designated as an ETC in South Dakota. In this section Staff will discuss certain South Dakota rules and subparts of the rules that Staff feels need to be specifically pointed out and discuss the Company’s responses to those rules.

In a previous docket before the Commission, Staff wrote a Memorandum which addressed several South Dakota Administrative Rules (ARSD) that are either outdated or inapplicable in the context of a wireless carrier seeking designation as a Lifeline-only ETC.¹ These include ARSD 20:10:32:42;² 20:10:32:43.02; 20:10:32:43.05; 20:10:32:43.06; and 20:10:32:43.07. Some of these rules conflict with Federal Communications Commission (FCC) Orders, and others, in whole or in part, cannot reasonably be applied to petitions for Lifeline-only ETC designation. If the FCC has granted forbearance on a particular requirement, 47 U.S.C. § 160(e) states “a state commission may not continue to apply or enforce any provision of this chapter that the Commission has determined to forbear from applying....” Staff will go into more detail on these rules in the following sections as applicable.

Authority to Designate an ETC

The State Commission is given authority to decide this matter by the FCC in 47 U.S.C. § 214(e)(2). 47 U.S.C. § 214(e)(2) also begins to lay the groundwork for what to consider when granting a company designation as an ETC.

ARSD 20:10:32:42, 47 U.S.C. § 214, and 47 C.F.R. § 54.201

ARSD 20:10:32:42 and 47 U.S.C. § 214 alike state:

Upon request and consistent with the public interest, convenience, and necessity, the commission may, in an area served by a rural telephone company, and shall, in all other areas, designate more than one telecommunications company as an eligible telecommunications carrier for a service area designated by the commission, so long as each additional requesting carrier meets the requirements of [47 C.F.R. § 54.201].

Therefore, if the Commission finds that this designation is consistent with the public interest, convenience, and necessity, the Commission must designate Verizon Value as an ETC for the requested service area so long as Verizon Value meets certain requirements of federal law. These requirements, according to 47 C.F.R. § 54.201(d)(1)-(2), are that Verizon Value:

- (1) Offer the Services that are supported by federal universal service support mechanisms under [47 C.F.R. § 54.101] and section 254(c) of the Act, either using its own facilities or a combination of its own facilities and resale of another carrier’s services (including the services offered by another eligible telecommunications carrier); and
- (2) Advertise the availability of such services and the charges therefore using media of general distribution.

¹ Staff Memorandum, p. 1-2, TC24-002 – In the Matter of the Petition of Assurance Wireless USA, L.P. for Designation as an Eligible Telecommunications Carrier for the Purpose of Offering Lifeline Service to Qualifying Customers (hereinafter “Assurance Memo”).

² The latter part of this ARSD states that “the commission may not find it to be in the public interest if the telecommunications company requesting such designation is not offering its services coextensive with the rural telephone company’s service area.” In the Assurance Memo, Staff explained how—for Lifeline-only companies—the FCC has granted forbearance from the requirement that a company seeking ETC designation in a rural telephone company’s service area must offer its services coextensive with said service area. Assurance Memo, p. 2. In the docket at hand, Verizon Value is not requesting to serve in rural service areas; therefore, this aspect of the rule is not applicable.

Staff will address the public interest requirement later in this Memorandum. Staff will address the requirements of 47 C.F.R. § 54.201 and 47 C.F.R. § 54.101 in the following subsections.

ARSD 20:10:32:42 also provides requirements for ETC designation in an area served by a rural telephone company.³ Because Verizon Value's petition is limited to CenturyLink wire centers⁴ (non-rural), those parts of this rule are not relevant, and Staff need not address them here.

Supported Services Requirement of 47 C.F.R. § 54.201 and 47 C.F.R. § 54.101

In order for Verizon Value to be eligible to receive universal service support, Verizon Value must offer the following services pursuant to 47 C.F.R. § 54.101:

- Voice Grade Access to the Public Switched Telephone Network ("PSTN");
- Local usage minutes free of charge; and
- Access to emergency services provided by public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems.

In the Petition, on page 5, Verizon Value explained that it provides voice grade access to the PSTN "through its provision of mobile voice communications service and interconnection to the public switched telephone network via Verizon Wireless's mobile network." On pages 6-7, Verizon Value confirmed that it provides customers with local usage minutes free of charge and provides the requisite access to emergency services.

Facilities Requirement of 47 C.F.R. § 54.201(1)

One of the requirements for ETC designation is that the carrier "offer the services that are supported by Federal universal service support mechanisms . . . either using its own facilities or a combination of its own facilities and resale of another carrier's services." 47 U.S.C. § 214(e)(1)(A). Verizon Value's Petition explained that it will offer the supported services and broadband Internet access service (BIAS) using its own facilities. Specifically, the Petition states, "As a wholly-owned subsidiary of Verizon Wireless, an MNO, [Verizon Value] has its own facilities for purposes of the facilities requirement in Section 214(e)(1) of the Act." Page 8. Staff believes Verizon Value has met this requirement.⁵

47 C.F.R. § 54.201(d)(2)

This law requires a carrier to advertise the availability of their services and charges using media of general distribution.

In the Petition, page 9, section E, Verizon Value explains that it will advertise the availability and charges for the described services as required by federal law. Additionally, in response to Staff's first data requests, Verizon Value provided a sample advertisement in Exhibit 11. Staff believes Verizon Value has shown they will comply with this law.

³ See ARSD 20:10:32:42 (providing requirements for ETC designation in areas served by a rural telephone company).

⁴ See Stipulation between TracFone and SDTA, filed with the Commission on June 3, 2024.

⁵ See Assurance Memo, p. 10-11 for further information on how subsidiaries such as Verizon Value or Assurance are considered facilities-based by law.

Financial and Technical Capability Requirement of 47 C.F.R. § 54.201(h)

This law provides that a state commission may not grant ETC designation to a company unless the company has demonstrated that it is financially and technically capable of providing Lifeline service.

In response to Staff Data Request 1-19, Verizon Value provided a copy of its Form 10-K.

In addition, the 2012 Lifeline Reform order states in regard to 47 C.F.R. § 54.202 in paragraph 388:

Therefore, in order to ensure Lifeline-only ETCs, whether designated by the Commission or the states, are financially and technically capable of providing Lifeline services, we now include an explicit requirement in section 54.202 that a common carrier seeking to be designated as a Lifeline-only ETC demonstrate its technical and financial capacity to provide the supported service. Among the relevant considerations for such a showing would be whether the applicant previously offered services to non-Lifeline consumers, how long it has been in business, whether the applicant intends to rely exclusively on USF disbursements to operate, whether the applicant receives or will receive revenue from other sources, and whether it has been subject to enforcement action or ETC revocation proceedings in any state.

Verizon Value addressed these considerations in its Petition and further in response to Staff's data requests. Verizon Value states it has provided both Lifeline and non-Lifeline services for over 20 years.⁶ Verizon Value generates revenues from its non-Lifeline services and does not rely exclusively on Lifeline reimbursement for its operating revenues.⁷ In response to Staff Data Request 1-21, Verizon Value (confidentially) provided the number of ACP customers it had nationwide and in South Dakota as of May 2024. Further, in response to Staff Data Requests 1-31 through 1-32, Verizon Value provided information regarding Lifeline and non-Lifeline customers in each state it offers service in. *See also* Exhibits 9 and 10 (providing Lifeline customers Verizon Value had in each state as of September 30, 2024, and, confidentially, the number of non-Lifeline customers Verizon Value had in each state as of September 30, 2024). In response to Staff Data Request 1-41, Verizon Value stated its 2022 and 2023 Lifeline revenue was \$31,532,214 and \$290,339,672, respectively.

In response to Staff Data Request 1-25, which asked if Verizon Value or its various brands have ever been penalized for any sort of waste, fraud, or abuse of the Lifeline or ACP program, Verizon Value explained that it entered into a Consent Decree to resolve an investigation for "certain instances in which [Verizon Value] may have violated Lifeline and/or Emergency Broadband benefit Program rules." Verizon Value provided the Consent Decree in Exhibit 7. The specific facts which Verizon Value admitted to can be found in paragraph 9, page 5 of the Consent Decree.

Therefore, based on the information provided, Staff believes Verizon Value meets this requirement, and the considerations stated in the 2012 Lifeline Reform order.

⁶ Petition, page 10.

⁷ *Id.*

ARSD 20:10:32:43(1)

This subpart of the rules requires the requesting company to provide “The name, address, and telephone number of the applicant and its designated contact person.”

In response to Staff Data Request 1-12, Verizon Value provided this information. Verizon Value designated Javier Rosado as its contact and provided contact information. Staff Data Request 1-6 gathered information for contacts for all dba names Verizon Value will operate under. On August 6, 2025, Verizon Value filed an amended response to Staff’s First Set of Data Requests which provided updated contact information.

The Company meets the requirements of this subpart.

ARSD 20:10:32:43(2)

This subpart requires the Company provide the proposed effective date of the designation of ETC status.

In response to Staff Data Request 1-12, Verizon Value stated that the “proposed effective date of the designation of ETC status is the date the Commission issues an order designating TracFone as an ETC.” It did not provide a specific date.

ARSD 20:10:32:43(3)

ARSD 20:10:32:43(3) requires the company to provide “identification of the service area, including a detailed map, for which the designation is sought”.

Verizon Value originally requested statewide ETC designation. Accordingly, Verizon Value filed with its Petition a propagation map that showed Verizon’s network coverage across the state of South Dakota. Then, on June 3, 2024, Verizon Value entered into a Stipulation with SDTA in which Verizon Value agreed that “any ETC designation to result from this docket shall be limited to South Dakota CenturyLink wire centers and shall not extend into any rural service area served by an SDTA member company.”⁸ Accordingly, Staff asked in data request 1-13 for Verizon Value to provide a map that illustrates, by wire center, the service area for which designation is sought. In response, Verizon Value stated that it “does not have the ability to create a wire center map” and will instead rely on the Study Area Boundary Map that is provided on the Commission’s website.

In response to DR 2-1, Verizon Value filed a list of wire centers and a map outlining, by wire center, the areas in which Verizon Value will serve.

Staff believes Verizon Value has met the requirement of this rule. However, the Commission may want to consider whether ETC designation should be granted for any “limited coverage” areas. While the map filed on February 10, 2025, identifies the proposed ETC service area to include only the CenturyLink wire centers, it does not identify areas within the proposed ETC service area that will have limited coverage due to underlying carrier coverage. Staff further addresses these concerns under the public interest section of this memorandum.

ARSD 20:10:32:43(6)

This rule is discussed below in the public interest portion.

⁸ SDTA and TracFone Wireless, Inc.’s Stipulation.

ARSD 20:10:32:43.01

This ARSD requires “an applicant requesting designation as an eligible telecommunications carrier shall commit to providing service throughout its proposed designated service area to all customers making a reasonable request for service.” Also included in this rule is ways to remedy when a customer requests service but is outside of the coverage area.

In the Petition, page 8, Verizon Value committed to this rule.

Staff sought further information relevant to this rule in several data requests. In Staff Data Request 1-43, Staff asked whether Verizon Value anticipates geographic areas in South Dakota where customers may experience service issues due to inadequate service coverage. Verizon Value responded that it does not anticipate any such areas. However, the coverage map provided with Verizon Value’s Petition shows that Verizon does not have total coverage throughout the CenturyLink areas where Verizon Value seeks to serve. Staff pointed this out in data request 2-4 and asked Verizon Value how it plans to serve the areas where coverage may be limited. In response, Verizon Value directed Staff to its response to DR 2-1 which unfortunately does not directly address the question that was asked.

In conclusion, Verizon Value meets the requirement of this administrative rule because of the commitment made and part 2 of the rule provides ways to remedy any network issues.

ARSD 20:10:32:43.02

This ARSD requires that a two-year plan be submitted with the Petition.

Staff believes that this rule is not applicable to Verizon Value since it is seeking designation as a Lifeline-only ETC and will not be receiving high-cost support.

ARSD 20:10:32:43.03

This ARSD requires that a requesting company provide a demonstration of ability to remain functional in emergency situations.

In the Petition on page 9, Verizon Value certified that it has 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.” Additionally, Verizon Value is provided on Verizon Wireless’s network.

Staff believes Verizon Value is able to remain functional in emergency situations.

ARSD 20:10:32:43.04

This ARSD requires an applicant requesting designation as an eligible telecommunications carrier shall demonstrate that it will satisfy applicable consumer protection and service quality standards.

In the Petition, page 10, Verizon Value certified that it will comply with applicable consumer protection and service standards related to the Lifeline universal service programs. Additionally, Verizon Value committed to complying with the Cellular Telecommunications and Internet Association’s Consumer Code for Wireless Service.

Staff believes Verizon Value has met the requirements of this rule.

ARSD 20:10:32:43.05

This ARSD requires that a requesting company demonstrate that it offers a local usage plan comparable to the one offered by the incumbent local exchange carrier in the service areas for which the applicant seeks designation.

In the Petition, page 6, Verizon Value explained that its “bundled voice and data services that will be offered to eligible households include 350 voice minutes each month that can be used for local service and will allow customers to use their airtime minutes to send and receive local calls at no additional charge.” Verizon Value claimed that its plan is comparable to plans offered by ILECs within the proposed designated service area. *Id.* footnote 18.

The FCC removed this requirement from 47 C.F.R. § 54.202 in 2012 and our administrative rule has not been revised to reflect that change. Therefore, Staff asserts the information required by this rule is not relevant to this docket.

ARSD 20:10:32:43.06

This ARSD requires an applicant requesting designation as an eligible telecommunications carrier shall certify that it will be able to provide equal access to long distance carriers if no other eligible telecommunications carrier is providing equal access within the service area.

However, the FCC removed this requirement from 47 C.F.R. § 54.202 in 2012. Our administrative rule has not been revised to reflect this change. Therefore, Staff believes Verizon Value need not address this rule.

The Public Interest Standard: ARSD 20:10:32:43(6), ARSD 20:10:32:43.07, and 47 U.S.C. 214(e)(2)

These laws require the company to explain why their services are in the public interest and lays out the guidelines the Commission shall consider but does not limit what the Commission can look at when making their decision on if the petition to grant designation as an eligible telecommunications carrier is in fact in the public interest.

47 U.S.C. 214(e)(2) states:

A State commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier for a service area designated by the State commission. *Upon 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 each additional requesting carrier meets the requirements of paragraph (1).* Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the State commission shall find that the designation is in the public interest. (emphasis added).

Over the years, there has been some disconnect as to whether this statute requires a public interest determination when the applicant is seeking an ETC designation in non-rural areas. In 2001, the South

Dakota Supreme Court issued the opinion of *In Re GCC License Corp.* which ruled that the language of 47 U.S.C. 214(e)(2) did not support the position that a state utilities commission must make a public interest determination before granting ETC status in non-rural telephone exchanges. 623 N.W.2d 474, 483 (S.D. 2001).

Some years later, the FCC issued the FCC 05-46 Report and Order (FCC 05-46) which addressed the minimum requirements, and adopted additional mandatory requirements, for ETC designation. FCC 05-46 resulted from the recommendations of the Federal-State Joint Board on Universal Service and provided an analytical framework to determine whether the public interest would be served by designation and specified a public interest analysis applied whether designation is sought by a rural or non-rural carrier.

In 2006, following FCC 05-46 and the *In Re GCC License Corp.* opinion, the SD PUC opened a rulemaking docket RM06-001, which included the proposal of ARSD 20:10:32:43(6) and 20:10:32:43.07. These rules clearly adopt the public interest analysis included in FCC 05-46 into the Commission's rules with ARSD 20:10:32:43(6) requiring all petitions for ETC designation to include "a statement specifying why the applicant's proposed designation is in the public interest." ARSD 20:10:32:43.07 further explains the public interest standard stating:

Prior to designating an eligible telecommunications carrier, the commission shall determine that such designation is in the public interest. The commission shall consider the benefits of increased consumer choice, the impact of multiple designations on the universal service fund, the unique advantages and disadvantages of the applicant's service offering, commitments made regarding the quality of the telephone service provided by the applicant, and the applicant's ability to provide the supported services throughout the designated service area within a reasonable time frame

In conclusion on this point, Staff believes that the administrative rules implemented since the *In Re GCC License Corp.* opinion require the Commission to conduct a public interest determination regardless of whether the applicant is seeking designation in a rural or non-rural area. Accordingly, Staff will discuss the elements of ARSD 20:10:32:43.07 in this memo.

Staff respectfully defers to the Commission on the matter of public interest determination for this docket but provides information gathered in Staff's data requests and review of the docket for the Commission to weigh in the public interest determination as described in ARSD 20:10:32:43.07 below.

Benefits of Increased Customer Choice

The first item the Commission shall consider when determining whether the ETC designation is in the public interest is the benefits of increased customer choice.

Verizon Value states in its Petition, page 17, that "[i]ncreased competition leads to additional consumer choices and delivery of greater value to consumers. [Verizon Value's] bundled mobile voice and broadband data Lifeline service will provide consumers with alternative choices that are convenient and affordable and that allows consumers to communicate and to access the Internet both from their residences and when they are away from their homes."

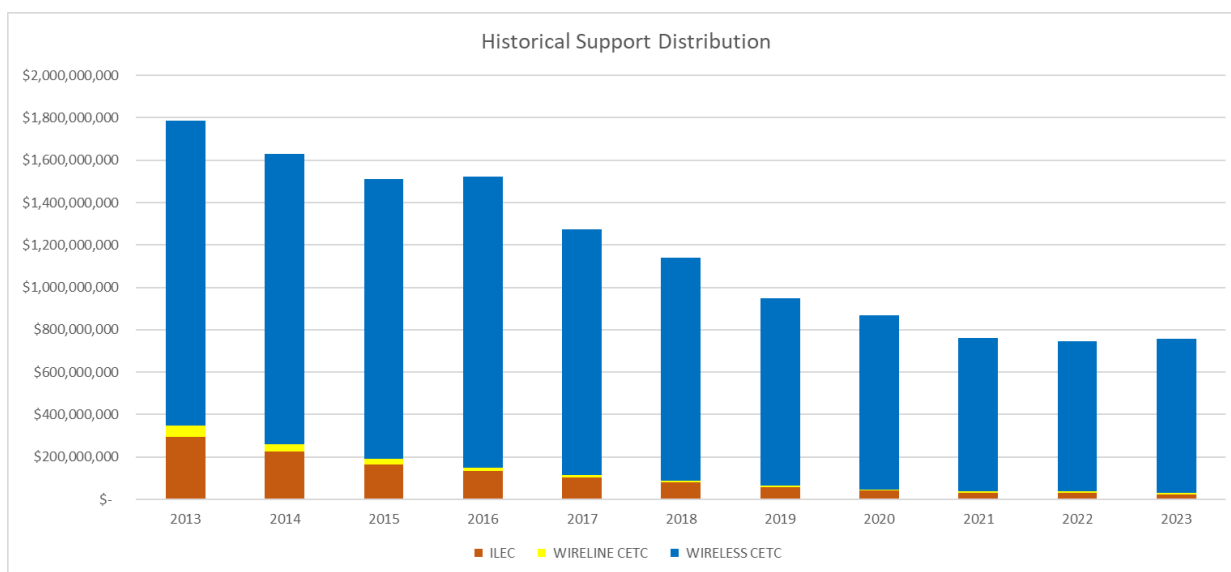
Allowing customers to have more than one option for service, whether it be wireless or wireline service, allows the customer to do their own research and choose an available offering that best suits their needs. Designating additional wireless ETCs provides additional options and creates competition which should help to incentivize companies to offer better services to customers in order to keep its customers.

Impacts on the Universal Service Fund (USF)

Since Lifeline does not use high-cost support, Staff's comments relate to the Lifeline funding only.

In the past there have been multiple reports and studies detailing fraud, waste, and abuse taking place within the Lifeline Program. In January of 2014 the National Lifeline Accountability Database (NLAD) went into effect nationwide attempting to reduce the ability for a company or customer to commit fraud, waste, and abuse of the Lifeline program.

As you can see from the graph below based on publicly available Historical Support Distribution data from the Universal Service Administrative Company (USAC) website, (https://www.usac.org/wp-content/uploads/lifeline/documents/Data/20230816_Lifeline-Data-and-Statistics.xlsx) there has been a decline in disbursements since 2013 almost every year and has leveled off since about 2021.



The graph above based on the USAC website data shows the breakdown of total disbursements between wireless competitive ETCs (CETC), wireline CETCs, and incumbent local exchange carriers (ILEC). As you can see from this graph, wireless CETCs receive an overwhelming majority of disbursements each year. While designating Verizon Value as an ETC could have an effect on the support distribution, it is hard to quantify how much of an effect, given the large number of wireless CETC disbursements, because it is hard to predict if Verizon Value will get customers from wireline CETCs or the ILEC, CenturyLink, to switch to the wireless option offered by Verizon Value and drop their wireline product, if they currently have one, or if Verizon Value will get other wireless CETC customers to switch to its service. If Verizon Value only gets customers from other wireless Lifeline CETCs, the disbursement percentages in the chart above would likely not change significantly. And the fact that Lifeline support disbursements have dropped considerably since the implementation of the NLAD, chances for waste, fraud, and abuse appear to be very small and kept in check thanks to the measures in place to verify

potential customers. Also, since disbursements have dropped significantly compared to 2013, it appears there are plenty of available Lifeline funds for more customers when comparing overall disbursement dollars from 2013 to 2023.

In response to Staff's data request 1-25, Verizon Value stated that they had self-reported a potential rule violation and that they entered into a Consent Decree with the FCC to resolve an investigation regarding the violation. Verizon Value states, "[t]he Consent Decree does not constitute a finding of liability by the FCC nor an admission of liability by TracFone." Verizon Value has taken care of issues within the Consent Decree and Staff feels any issues similar to this should not happen in the future.

Advantages and Disadvantages of Verizon Value's Lifeline Offering

Staff believes the comparison of providers' service offerings is a valid consideration of the public interest standard according to ARSD 20:10:32:43.07. The tables below provide a side-by-side comparison between a wireless ETC's minimum requirements and general wireline Lifeline requirements.⁹ Specific comparisons to other wireless ETCs approved by the commission would be too large for a chart. But in general, all companies offer similar plans that must meet the minimums set forth by the FCC.

<u>Plan Requirements</u>		
	Lifeline Wireless	Lifeline Wireline
Network Provider	Varies	Varies
Areas Offered	All Areas	All areas
Voice	Minimum 1,000 minutes	No minimum
Price	No minimum Requirement	No minimum Requirement
Data	4.5 GB	1,280 GB
Speed	3G or better	25/3 Mbps

To Staff's knowledge all wireless ETCs in South Dakota offer a free plan. In the case of Verizon Value, their free plan is proposed to be offered under the name of "SafeLink Wireless". All other plans offered by the Verizon Value "doing business as" names are not free.

It is Staff's understanding that for wireline providers, a customer can choose any eligible plan offered by the wireline provider and reduce it by the amount the FCC allows depending on if it's on tribal or non-tribal land.¹⁰

Staff will note that Commission does not approve the rates/plan offerings. The plans in the tables above are current offerings and could change over time. This discussion simply compares Verizon Value's proposed Lifeline plans with other wireline providers' Lifeline plan requirements.

One advantage of Verizon Value's Lifeline offerings is it relies on their own network and can be considered a facilities-based provider.

⁹ Refer to the USAC website.

¹⁰ \$5.25-\$9.25 Lifeline Discount depending on the product and \$34.25 Tribal Lifeline Discount

Another key advantage of Verizon Value's offering, and as with all wireless companies, over wireline companies is the mobility aspect.

A disadvantage is there are no planned offices in the state of South Dakota. Having no offices always makes troubleshooting a device more difficult, but not impossible, if the device isn't working for any reason. The customers will have to find some other way to get ahold of Verizon Value via telephone or internet with no offices available for customers to walk into. This could prove difficult for low-income customers to do if the device that isn't working is the only phone/internet they have available at home.

Another disadvantage, when compared to a wireline company, is the data caps. Wireline companies are required to offer 1,280 GB of data and wireless only companies have to offer 4.5 GB of data according to the USAC website. If the wireless phone is the only source of internet the customer has at home, 4.5 GB likely will not be enough for the entire household's needs. This is something the consumer needs to be aware of and consider before deciding on which Lifeline option they choose.

The last potential disadvantage with all wireless service is, when the wireless device leaves the household, everyone left in the household will be without phone or internet service if this Lifeline product is their only household phone or internet source. Only the customer can really determine if this truly is a disadvantage to their household situation or not.

Commitment to Provide Quality Telephone Services

In the petition on page 10, Verizon Value confirms that it will provide quality services to its customers. Verizon Value states that they abide by the Cellular Telecommunication and Internet Association's Consumer Code for Wireless Service (CTIA Consumer Code).

Verizon Value's Ability to Provide Supported Services throughout the Designated Service Area

On page 8 of the Petition, Verizon Value commits to providing service to requesting customers in its service area where the applicant's network already passes the potential customer's premises, subject to coverage limits of the Verizon Wireless network.

Detrimental Effect on the Provisioning of Universal Service by the ILEC

The final portion to consider under ARSD 20:10:32:43.07 is whether designation of Verizon Value as an ETC will have a detrimental effect on the provisioning of universal service on the ILEC. As previously noted, Verizon Value has agreed to only serve in CenturyLink areas and therefore this designation will have no impact on SDTA companies. One thing to note is that CenturyLink, the ILEC in the territory covered by the remaining non-rural portion of the request, did not petition to intervene in this docket and as of the date of this memo has not filed any comments in this docket. By CenturyLink's decision not to intervene or comment, we can infer that they do not believe this designation would have a detrimental impact to them or they are not concerned about the effect designation may have. Based on that fact, Staff does not believe that designating Verizon Value as an ETC in the CenturyLink territories as described in the Petition will have a detrimental impact on the ILEC given the fact that competition is already allowed within the CenturyLink areas and a wireless ETC already serves in CenturyLink areas.

Creamskimming Analysis

ARSD 20:10:32:43.07 requires the commission to conduct a creamskimming analysis if an applicant seeks designation in the study area of a rural telephone company. Because Verizon Value is not seeking to provide service in areas served by a rural telephone company, a creamskimming analysis is not necessary here. Even for a rural area, in the Service Area Forbearance Order, the FCC stated that "Any

creamskimming concerns in an area of a rural telephone company are not relevant in considering the designation of a Lifeline-only ETC.” ¶ 13.¹¹

Conclusion

As previously stated, this memo was meant to outline the South Dakota rules and the FCC requirements placed on Verizon Value’s application for designation as a Lifeline-only ETC. Staff believes Verizon Value has complied with the applicable laws for ETC applications in South Dakota, although Staff does not make a recommendation on whether or not this ETC designation is in the public interest. Staff respectfully defers to the Commission’s decision on whether designating Verizon Value as an ETC is in accordance with the public interest, convenience, and necessity of South Dakota.

¹¹ “As the Commission previously explained, the amount of Lifeline support is not tied to the cost of serving an area. Rather, Lifeline support is a fixed, per-line amount nationwide, and ETCs are required to pass through the Lifeline support they receive to the benefit of their subscribers. Any creamslicing concerns in an area of a rural telephone company are not relevant in considering the designation of a Lifeline-only ETC. Creamslicing is not a public-interest consideration in the Lifeline context, whether the competing carrier is offering wireline or wireless service.” Id. ¶ 13.