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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

APR 05 2013

PUBLIC SERVICE  
COMMISSION

In the Matter of:

INVESTIGATION OF THE FAILURE OF	)	CASE NO.
TRACFONE WIRELESS, INC. TO FILE	)	2011-00322
REQUIRED REPORTS	)	

NOTICE OF FILING

PLEASE TAKE NOTICE that pursuant to the PSC's March 4, 2013 Order, TracFone Wireless, Inc., by its attorneys, hereby files the Testimony of Karen E. Levine, who may be called at oral argument currently scheduled for April 25, 2013.

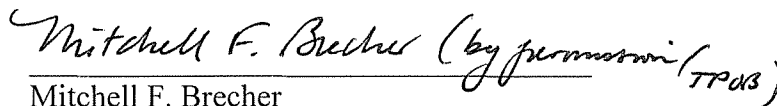
April 5, 2013

Respectfully submitted,

**TRACFONE WIRELESS, INC.**



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**TESTIMONY OF KAREN E. LEVINE**

**Q. Please state your name, title, and business address.**

A. My name is Karen E. Levine. I am Senior Vice President of Finance, TracFone Wireless, Inc. My business address is 9700 NW 112<sup>th</sup> Avenue, Miami, FL 33178.

**Q. Please summarize your employment with TracFone**

A. I joined TracFone in 1998 as a member of the company's finance department. Through a series of promotions, I rose to my present position. My responsibilities include carrier relations, strategic planning, financial forecasting, and supply chain management. Prior responsibilities have included management of loss and fraud prevention, bill auditing, and carrier line reconciliation

**Q. Please summarize your educational background.**

A. I hold a B.B.A. degree in Finance and a M.B.A., both from the University of Miami.

**Q. What is the purpose of your testimony?**

A. The purpose of my testimony is to describe TracFone's operations as a reseller of wireless telecommunications service in the Commonwealth of Kentucky, to explain that TracFone does not own, control, operate or manage any facilities for the transmission of telephonic messages, and that it is not a utility under Kentucky law.

1 **Q. Does TracFone own, control, operate or manage any facility for the purpose of**  
2 **transmitting telephone messages within the Commonwealth of Kentucky?**

3 A. No.

4 **Q. Please explain how TracFone provides service to customers in Kentucky.**

5 A. TracFone is a reseller of commercial mobile radio services, often generically referred to  
6 as wireless service or cellular service. TracFone purchases finished service at wholesale rates  
7 from various licensed telecommunications carriers who do own, control, operate or manage  
8 network facilities in Kentucky and elsewhere. TracFone then resells those services which it  
9 obtains from those carriers to end user consumers in Kentucky. For example, TracFone might  
10 choose to serve a customer in Kentucky by having that customer's wireless calls carried on the  
11 network of AT&T Mobility. AT&T Mobility would carry calls to and from that customer's  
12 handset and AT&T Mobility would bill TracFone for those calls pursuant to the terms of the  
13 wholesale service agreement between AT&T Mobility and TracFone. AT&T Mobility would  
14 control all aspects of those calls, including the switching and the routing of the calls, and would  
15 own, control, operate or manage the towers, antennas, switches, trunks, lines, etc., *i.e.*, all  
16 facilities used for the completion of those calls. This would work the same way if the underlying  
17 carrier were Verizon Wireless, T-Mobile, Sprint, or Bluegrass Cellular.

18 **Q. Does TracFone own, control, operate or manage the handsets used by its customers**  
19 **in Kentucky?**

20 A. No. TracFone customers purchase handsets from retail vendors such as, for example,  
21 Wal-Mart, Target, CVS Pharmacy and various convenience stores and electronics stores.  
22 Although those handsets contain TracFone software used to keep track of the customer's usage,  
23 those handsets, once purchased from the retail vendor, become the personal property of the

1 customer. Once the customer owns the handset, he/she may control, operate or manage the  
2 handset (for example, by turning it on and off, by programming speed dial numbers, or by  
3 recharging the battery). However, in no way does TracFone own, control, operate or manage the  
4 handsets used by consumers to initiate or receive calls using TracFone's resold service. In fact,  
5 when TracFone activates a customer's service, it does so by notifying the underlying carrier  
6 (e.g., AT&T Mobility, Verizon Wireless, T-Mobile or Bluegrass Cellular) that the customer is  
7 being assigned a telephone number which is part of that carrier's block of numbers. All calls  
8 initiated by the customer are sent to the underlying carrier's network for completion and all calls  
9 received by the customer are routed by the underlying carrier to the customer's handset.  
10 TracFone plays no role in operating, controlling or managing the flow of telecommunications  
11 traffic between the customer's handset and the underlying carriers' networks.

12 **Q. Do any of TracFone's wholesale agreements with the telecommunications carriers**  
13 **whose network services it resells involve leasing of any telecommunications facilities?**

14 A. No. Those agreements are wholesale agreements. They are not leases. Pursuant to those  
15 agreements, TracFone purchases service at wholesale prices from those carriers. The agreements  
16 afford TracFone no rights to utilize any portions of the carriers' networks. Neither do those  
17 wholesale service agreements afford TracFone any rights to use or to operate, control or manage  
18 the underlying carriers' towers, antennas, switches, lines or any other network facilities.

19 **Q. Does TracFone hold any telecommunications licenses?**

20 A. No.

1 **Q. Does TracFone’s Provision of Lifeline service in Kentucky as a designated Eligible**  
2 **Telecommunications Carrier render it a utility?**

3 A. No. The Communications Act requires that Eligible Telecommunications Carriers  
4 (“ETCs”) provide Universal Service Fund-supported services (including Lifeline) using, at least  
5 in part, their own facilities. However, the FCC excused TracFone from that requirement in 2005.  
6 As a result of the FCC’s decision to forbear from applying to TracFone the requirement that it  
7 provide Lifeline service using its own facilities, TracFone has been allowed to provide Lifeline  
8 service entirely on a resale basis. As with its other services described above, TracFone does not  
9 own, control, operate or manage any facilities used in connection with the transmission or  
10 conveyance of any messages by telephone or telegraph for its Lifeline customers.

11 **Q. Does TracFone bill customers for its resold service?**

12 A. No. TracFone’s resold wireless service is provided on a prepaid basis only. Customers  
13 purchase service in advance by purchasing airtime cards, typically at retail vendor locations,  
14 throughout the Commonwealth of Kentucky and elsewhere. Since service is purchased in  
15 advance, TracFone does not render bills to customers for service. At the time of purchase of  
16 wireless airtime cards by consumers, TracFone does not know and cannot know what portion of  
17 the purchased prepaid wireless airtime, if any, will be used by the consumer to engage in  
18 intrastate telecommunications services, *i.e.*, to originate or receive calls which both originate and  
19 terminate within Kentucky.

20 **Q. Does this conclude your testimony?**

21 A. Yes.