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Office of the Secretary

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November 14, 2011

REDACTED—FOR PUBLIC INSPECTION

VIA HAND DELIVERY

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Notice of Oral Ex Parte Presentation - WC Docket No. 11-42

Dear Ms. Dortch:

On Wednesday, November 9, 2011, David Skogen of Global Connections (“Global”), Brian Lisle of Telrite Corporation (“Telrite”), Chuck Campbell of CGM, and the undersigned on behalf of Global, Telrite and other members of the Link Up for America Coalition (“Coalition”) met with Sharon Gillett, Carol Matthey, Trent Harkrader, Kim Scardino and Divya Shenoy of the Wireline Competition Bureau to discuss proposed reforms to the Link Up component of the Commission’s Low Income Universal Service program. During the meeting, we discussed the Commission’s proposed reforms to the Link Up subsidy program. Our comments were consistent with the comments and replies filed by the Coalition on August 26, 2011 and September 2, 2011, respectively, in the above-captioned docket. Copies of documents discussed at the meeting are appended hereto for inclusion with this letter in the record of the above-captioned proceeding.¹

In response to questioning from the staff, the parties explained that Link Up is a carrier revenue replacement mechanism designed to reimburse revenue they forgo in reducing the customary charge for establishing telephone service for low income consumers, which generally takes the form of an activation fee. In response to staff’s questions regarding what costs wireless CETCs have for commencing service, we said the costs include order fulfillment, setting up the customer in customer support and other systems, network activation and provisioning, including paying the activation charge from the wireless wholesale provider, and

¹ The documents distributed at the meeting are included as Exhibit 1.

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in-person phone activation at events. In addition, Coalition members' costs for commencing service include some outreach activities.² Further, CETCs have additional costs for advertising, marketing, compliance costs, and the cost of handsets.³ The Notice of Proposed Rulemaking makes an important differentiation between outreach and marketing. "Outreach entails increasing public awareness of the program, while marketing relates to how ETCs describe and sell their USF-supported products to consumers."⁴ Although not directly addressed by the Commission, the Joint Board has strongly implied that outreach is a supportable activity for ETCs.⁵ The Commission also stressed the importance of ETC outreach activities.⁶

Regardless of the Commission's position on outreach, however, we explained that the costs related to activation also include in-person activation activities to assist customers with setting up the phone, making a test customer service call and answering questions, which normally occur at sign-up events. These costs, which per the Commission's definitions are

² Based on additional cost studies undertaken by Coalition members, such costs range from approximately **BEGIN CONFIDENTIAL \$XXXX to \$XXXX END CONFIDENTIAL**. Costs include administrative costs for account and phone setup and customer initial order fulfillment, new customer activation and provisioning and initial setup for customer support and office support services (includes setup to allow customers to access individual account information and can include invoicing setup). Coalition members have estimated outreach costs to be approximately **BEGIN CONFIDENTIAL \$XXXX END CONFIDENTIAL** of this total.

³ Although the Coalition maintains that these costs should be supportable, they are excluded from the total costs provided in the previous footnote.

⁴ *Lifeline and Link Up Reform and Modernization; Federal-State Joint Board on Universal Service; Lifeline and Link Up*, Notice of Proposed Rulemaking, 26 FCC Rcd 2770, FCC 11-32, ¶ 1 (rel. Mar. 4, 2011) ("NPRM").

⁵ See *Federal-State Joint Board on Universal Service, Lifeline and Link-Up*, Recommended Decision, FCC 10J-3, ¶¶ 62, 65-66 (2010) (recommending prescribing mandatory outreach requirements for ETCs but not for states because "unlike carriers, states do not receive low income support from the Universal Service Fund.").

⁶ See *Lifeline and Link Up*, WC Docket No. 03-109, Report and Order and Further Notice of Proposed Rulemaking, FCC 04-87, ¶ 46 (2004) ("...carriers should utilize outreach materials and methods designed to reach households that do not currently have telephone service... For low income consumers that live in remote areas, including those living on tribal lands, traveling throughout an area or setting up an information booth at a central location may be more suitable outreach methods."); and *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link Up*, WC Docket No. 03-109, Recommended Decision, FCC 10J-3, ¶ 64 (2010) ("The record also provides support for the role that community-based outreach can play in educating consumers about the Lifeline and Link Up programs.").

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neither outreach nor marketing, are analogous to costs involved in traditional wireline carriers sending a truck to a new customer's home to activate, test and explain the service to the customer.

Responding to a question regarding wireless handsets, the Coalition reiterated its support for the use of Link Up funding for broadband-capable handsets as the Lifeline program is modernized to bring broadband to low income consumers. Further, the Coalition maintained that the Commission has the authority to do so. Section 254(b)(2) of the Communications Act states that "access to advanced telecommunications and information services should be provided in all regions of the Nation."⁷ Further, Section 254(b)(3) states that, "[c]onsumers in all regions of the Nation, including low income consumers...should have access to...advanced telecommunications and information services...."⁸ Support for broadband-capable wireless handsets would be reasonably ancillary to meeting these statutory goals and therefore falls within the Commission's Title I ancillary authority.⁹

In response to staff questions regarding the customary charge for commencing service, Mr. Skogen and Mr. Lisle responded that each company has a customary charge of \$60.00. On the other hand, some wireless carriers have stated that they do not have an activation fee. In further discussion, we maintained that the general industry practice is to charge activation fees to initiate service to new customers and offered Verizon Wireless's \$35.00 activation fee as an example. The Coalition included the activation fees for AT&T and Verizon Wireless, which together serve the vast majority of wireless customers in the United States, in its comments.¹⁰

⁷ 47 U.S.C. § 254(b)(2). *See also* Comments of Cox Communications, Inc., WC Docket No. 11-42 et al. at 4-7 (filed Aug. 26, 2011).

⁸ 47 U.S.C. § 254(b)(3).

⁹ *See Comcast Corp. v. FCC*, 600 F.3d 642, 646 (D.C. Cir. 2010). The two-part test states that the Commission "may exercise ancillary jurisdiction only when two conditions are satisfied: (1) the Commission's general jurisdictional grant under Title I [of the Communications Act] covers the regulated subject and (2) the regulations are reasonably ancillary to the Commission's effective performance of its statutorily mandated responsibilities." *Comcast*, 600 F.3d at 646 (citing *Am. Library Ass'n v. FCC*, 406 F.3d 689, 691-92 (D.C. Cir. 2005)).

¹⁰ *See* Comments of the Link Up for America Coalition, WC Docket No. 11-42 et al. at 12 (filed Aug. 26, 2011). In addition, Nexus submitted information regarding a study it conducted of service activation fees in the industry, which revealed that the top five carriers and over 40 other wireless carriers charge service activation fees. *See* Comments of Nexus Communications, Inc., WC Docket No. 11-42, at pp. 16-17 (filed Apr. 21, 2011).

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Based on the staff's inquiry, the Coalition provides the following summary of standard wireless carrier activation fees.¹¹

- AT&T Mobility - \$36
- Verizon Wireless - \$35
- Sprint - \$36
- T-Mobile - \$35
- SouthernLINC - \$35
- Cincinnati Bell - \$35
- Qwest Wireless - \$35

The carriers identified above serve the overwhelming majority of wireless customers in the United States. Accordingly, it is fair to say that they represent the general industry practice in the wireless marketplace.¹²

To the extent that the Commission determines that a new Link Up cap for wireless is necessary, the parties discussed the appropriate value. The Coalition referenced the fact that in 1987, the Joint Board established the \$30.00 Link Up cap based on national average charges of \$45.17 (for rotary service) and \$46.51 (for touch tone service) for "connecting a subscriber to the network."¹³ The national average for such connection charges, as reported by the Commission in its most recent Trends in Telephone Service Report released in September, 2010, remains essentially the same (*i.e.*, \$43.22).¹⁴ The Coalition has demonstrated above that the average wireless activation fee is approximately \$35.50. Therefore, based on the historical relationship between the industry activation charge and the appropriate Link Up cap, the Coalition submits that the wireless value should be in the same proportion as the wireline. The Link Up cap should then be approximately \$23.50 for wireless service (*i.e.*, \$45.17 is to \$30 as \$35.50 is to \$23.58). Any amount lower for wireless services would not be reasonably comparable to the revenue

¹¹ Website references for these activation fees are included together in Exhibit 2. The Cincinnati Bell activation fee is viewable at <http://www.cincinnati-bell.com/wireless/phones/>.

¹² Included as Exhibit 3 is a MyRatePlan.com cell phone and plan buying guide stating that, "[m]ost carriers charge an activation fee for setting up a new service. These fees vary, but most are around \$35."

¹³ *See MTS and WATS Market Structure Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board*, Recommended Decision and Order, 2 FCC Red 2324, n.115 (1987) (emphasis added).

¹⁴ *Trends in Telephone Service, Industry Analysis and Technology Division, Wireline Competition Bureau*, at 13-1 and Table 13.1 (Sept. 2010).

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replacement amount available for wireline ETCs and therefore would be unreasonably discriminatory.

While the Coalition believes that a continuing Link Up revenue replacement amount of \$30.00 remains justified, it would not oppose a \$24.00 amount based on the forgoing rationale in the interest of controlling costs for the fund. We explained that setting a lower dollar amount that remains as a revenue replacement mechanism as opposed to setting specific costs to be reimbursed would be a solution that achieves predictability and cost control, while reducing regulatory and administrative burdens for the Commission, USAC and wireless ETCs receiving Link Up subsidies.

Based on questions from staff, Mr. Skogen and Mr. Lisle indicated that they do in fact charge activation fees to their non-Lifeline customers, and as such, have established their baseline for Link Up subsidies.¹⁵ However, many state commissions require that ETCs waive the remaining half of their customary charge to Lifeline customers. The Coalition reiterated its position that waiving the customary charge, especially if required by a state commission, should not be prohibited and should not cause the Commission to conclude that an ETC does not have a customary charge supportable by Link Up. Many of the larger carriers referenced above waive their activation fees for promotional or other purposes.¹⁶ If carriers can waive activation fees for affluent customers, Coalition members should also be able to waive activation fees for low income customers. Denying a benefit to low income consumers that ETCs are often required or willing to provide would be contrary to the Commission's universal service goals and the purpose of the Low Income fund.

The discussion turned to the Coalition members' status as facilities-based resellers. Mr. Lisle informed the staff that Telrite uses its own facilities, including switches and transmission facilities, in combination with the facilities of wireless carriers to provide non-Lifeline and Lifeline wireless service. Commission precedent makes clear that in order to be considered facilities-based to receive ETC status, a carrier can provide service using a combination of its own facilities and the resale of another carrier's services.¹⁷ The Commission has also determined that an ETC does not have to use its own facilities to provide each of the designated services – rather a carrier must use its own facilities to provide at least one of the

¹⁵ The carriers indicated that a large majority of their customers are Lifeline.

¹⁶ See e.g., Best Buy promotional waiver of the Verizon Wireless activation fee, included as Exhibit 4.

¹⁷ 47 U.S.C. § 214(e)(1)(A); see also 47 C.F.R. § 54.201(d)(1).

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supported services.¹⁸ In addition, the facilities do not have to be located in the relevant service area – they just have to be used to provide the supported services in the service area established by the state commission.¹⁹ While the Commission requested comment in the NPRM regarding whether it should grant blanket forbearance from the facilities-based requirement in Section 214(e)(1)(A) of the Act for purposes of participating in the Link Up program,²⁰ it did not raise the question regarding whether it should change the facilities requirement to provide service as a CETC.

Finally, Mr. Campbell responded to questions regarding the Coalition’s Interim De-Duping process that will significantly reduce incidents of duplication in the Lifeline and Link Up programs. Mr. Campbell explained that the Active Line Edit is a check for duplicates within each carrier. He further explained that the Pooled, Pre-Sale, Dupe-Check Database will determine if any potential customer is a Lifeline customer of any other carrier that is part of the pooled process. Mr. Campbell and Mr. Skogen also explained that there is an initial, real-time dupe-check performed at the time the customer requests service to make sure that the customer is not currently receiving service from a provider participating in the voluntary program. A second check is performed before the CETC submits a customer for Link Up reimbursement.

The Link Up program provides revenue replacement to carriers to initiate important wireless services for low income consumers. These services provide low income consumers the same benefits of mobility that more affluent members of society enjoy. Now more than ever there are increasing numbers of low income consumers who can benefit from the wireless service provided by Coalition members with the support of the Low Income fund. Nevertheless, the Coalition understands the Commission’s goal to control disbursements from the fund. To that end, the Coalition has implemented its Code of Conduct and Interim De-Duping process to reduce waste, fraud and abuse in the program during the period before the Commission can implement a permanent database solution. Further, the Coalition stands ready to work with the Commission on the issue of establishing an appropriate wireless Link Up revenue replacement cap based on the industry standard activation fees described herein.

¹⁸ See *Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd 8776, ¶ 169 (1997).

¹⁹ See 47 C.F.R. § 54.201(g).

²⁰ See *NPRM*, ¶ 308.

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In accordance with the Commission's rules, this letter is being filed electronically for inclusion in the public record of the above-referenced proceedings. Please feel free to contact the undersigned with any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John J. Heitmann". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

John J. Heitmann
Joshua T. Guyan

cc: Sharon Gillett
Carol Matthey
Trent Harkrader
Kim Scardino
Divya Shenoy

EXHIBIT 1

Preserving Link Up for Low Income Americans

WC Docket No. 11-42

Link Up for America Coalition
November 9, 2011

Link Up for America Coalition

- The Coalition members include the following facilities-based wireless CETCs:
 - Assist Wireless, Global Connections of America, Midwestern Telecommunications, NewPhone, Ready Wireless, Tag Mobile, Telrite/Life Wireless, Absolute Home Phones and Affordable Phone
- Our goals are to preserve Link Up for low income Americans and to be good stewards of the Fund by eliminating waste, fraud and abuse
- Coalition members have instituted a voluntary Code of Conduct and Interim De-Duping Process that will save the Fund millions prior to implementation of a permanent data base solution
 - TerraCom and YourTel also have committed to these voluntary self-regulatory programs

Link Up Is a Success Story

- **Link Up was established to remove low income consumer penetration barriers presented by customary activation charges**
 - The Commission repeatedly has touted the success of Link Up, calling it “critical” as recently as March
- **Link Up is a revenue replacement mechanism**
 - It is not presently a “cost reimbursement” program
 - Wireless CETCs use Link Up subsidies to reduce their customary charges
 - Coalition members have driven subscribership rates up using legitimate business plans incorporating in-market outreach and extensive in-person customer activation programs
- **Link Up is competitively neutral and technology neutral**
 - It’s not unfair to TracFone
 - It’s not a wireline only program

Where We Stand

- **The Coalition does not support the elimination or limitation of Link Up**
 - The record does not support eliminating Link Up as it would drive down penetration rates for low income consumers
 - The record does not support reducing the current subsidy caps
 - FCC data indicates that customary charges have remained about the same
 - Limiting support to “truck rolls” would upend Commission precedent and largely eliminate Link Up
 - Limiting Link Up support for wireless ETCs would be neither competitively nor technology neutral

Where We Stand

- **The Coalition supports modernization of Link Up**
 - A permanent data base solution will address most Link Up waste, fraud and abuse
 - We agree that costs matter
 - We have taken a closer look at cost factors and amounts...focusing on data not rhetoric
 - Coalition members have significant customer activation costs
 - A safe harbor mechanism could provide predictability and cost control, and reduce administrative burdens for the FCC, USAC and wireless CETCs
 - The Commission should expand Link Up for broadband
 - Implementation of reforms must include guidance to avoid administrative uncertainty and allow CETCs sufficient time to change customer-facing materials and business plans

Where We Stand

- **Customary charges**
 - We agree that customary charges are the stated charges ordinarily imposed on customers in a state and are not imposed only on Lifeline/Link Up customers
 - We do not agree that customary charges should be defined to exclude charges waived, reduced or eliminated
 - Many states require CETCs to waive customary charges not covered by the Link Up subsidy
 - Waivers, reductions and credits/elimination of these charges benefit low income consumers and serve the goal of the fund
 - Restrictions on CETCs' ability to waive, reduce or credit customary charges would be unreasonably discriminatory...further, it would be bad public policy
 - The Commission should focus on what's good for low income consumers and not on what's good for TracFone
 - TracFone and others chose not to rely on Link Up
 - Coalition members and their low income customers are using Link Up as it was intended to be used

Setting the Record Straight on Costs

- **Link Up is not now and never has been limited to the costs of “truck rolls” or other physical installation of facilities**
 - Such a limitation would effectively eliminate Link Up for wireless providers
- **Parties claiming reduced customer activation costs have not provided data to support their claims**
 - Coalition data shows that costs remain substantial
 - FCC statistics show that activation charges remain about the same
 - Most wireline and wireless carriers impose activation charges on new customers
 - TracFone and Leap/Cricket are exceptions

Setting the Record Straight on Costs

- TracFone, Cricket and others are wrong with respect to costs contemplated by the current Link Up revenue recovery mechanism – a whole lot more than “flipping the switch” was contemplated
 - Activation, provisioning and connection costs, including systems and switch set-up, as well as in-person activation programs
 - Administrative costs of establishing an account, including verification, certification and recordkeeping
- The Tribal Order extended the realm of costs contemplated by the Link Up revenue recovery mechanism to include
 - Truck rolls/facilities installation
 - Handsets (partial; reconsidered several years later)
- The 2010 Joint Board Recommended Decision implies that outreach costs are contemplated by the current Link Up revenue recovery mechanism
 - The Act and FCC rules require outreach
- TracFone is wrong with respect to costs that could or should be covered under a modernized Link Up program
 - The Commission can and should choose to expand Link Up support for broadband-capable handsets

TracFone Argument & Fact Checker

- TracFone: Link Up is only for connections
 - FCC: Link Up is for the replacement of foregone revenue from activation charges applied to recover service commencement costs, including (but not limited to) administrative costs
- TracFone: Link Up is only for residential/landline phone lines
 - FCC: Link Up is available for wireless ETCs
- TracFone: Link Up is not intended to cover outreach
 - Joint Board: ETCs have outreach requirements because Link Up/Lifeline subsidies go to them
 - CenturyLink: our activation charges include recovery for overhead, including marketing

TracFone Argument & Fact Checker

- TracFone: CETC activation charges can't be customary, because they factor in costs associated with serving Lifeline customers or are imposed only on Lifeline customers
 - FCC: no rules prohibiting the establishment of charges based on average costs to serve different classes of customers
 - Coalition: we do not impose activation charges exclusively on Lifeline customers
- TracFone: customary charges cannot be customary, if they are waived
 - States: customary charges shall be waived
 - Coalition: this does not make the charge something other than customary
 - AT&T: agrees that state waiver requirements should not render an ETC ineligible for Link Up funding

TracFone Argument & Fact Checker

- TracFone: Our success in signing-up Lifeline customers shows that Link Up is not needed
 - FCC: Link Up is critical
 - Joint Board: Link Up is essential
 - Low Income Consumers: none who have been connected in part due to Link Up funding are likely to agree with TracFone
 - Coalition: our success in signing up the Lifeline customers shows that Link Up is essential to realizing universal service goals
 - Coalition: TracFone's cream-skimming model has limited reach and appeal
 - Our outreach and in-person activation programs involve and employ people in poor communities, providing in-person education about the Lifeline/Link Up program and in-person instruction about how to use our handsets
 - The Commission and the Joint Board have recognized that this type of outreach is essential to achieving the universal service goals set forth in the Act
 - In-person activation is a higher cost model worthy of Link Up support

Leap/Cricket Argument & Fact Checker

- Leap/Cricket: Link Up was not designed to replace foregone revenues irrespective of costs
 - Coalition: we agree; we provided sample cost data and we encourage the FCC to look at it and to seek more of it in a further rulemaking proceeding
- Leap/Cricket: Customer activation costs have decreased significantly over time
 - Coalition: saying the same thing repeatedly does not make it so – there is no evidence in the record to support this claim
- Leap/Cricket: there is no justification for keeping Link Up given declining costs and increased flexibility in establishing per minute charges to recover costs (in other words – raise per minute rates for low income consumers)
 - Coalition: record evidence does not support Cricket's declining cost assertion
 - Coalition: sure, we can raise rates, but some customers won't be able to pay higher rates and subscription levels will go down – what's good for Leap/Cricket isn't good for low income consumers, us or the Commission

What the Commission Should Do

- **Adopt a permanent data base solution**
- **Preserve Link Up in its current form**
 - Reject proposals to eliminate Link Up
 - Reject proposals to reduce the subsidy cap
 - Clarify that customary charges can include those that are waived, reduced or eliminated for the benefit of low income Americans
 - Reject calls to impose new facilities requirements on wireless CETCs
- **Issue an FNPRM**
 - We support modernization of Link Up, based on data and solid understanding of how various proposals will increase subscribership
 - We encourage the Commission to thoughtfully revisit current subsidy caps by taking a closer look at cost data, business models and the low income consumer
 - We support extending Lifeline and Link Up to support broadband, including support for broadband-capable handsets

Thank You

Link Up for America Coalition

c/o John Heitmann
Kelley Drye & Warren LLP
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202.342.8544

LINK UP FOR AMERICA COALITION
VOLUNTARY LIFELINE AND LINK UP CODE OF CONDUCT

The members of the Link Up for America Coalition¹ have agreed to voluntarily comply as of October 1, 2011 with the following principles designed to protect against waste, fraud and abuse of the Lifeline and Link Up programs,² specifically to combat duplication of benefits.

First, member marketing materials clearly state that the service is Lifeline-supported.

Second, members explain in clear and plain language to new customers that they may not receive more than one Lifeline supported service.

Third, members require all Lifeline applicants to provide information for an internal name and address duplicate cross-check.

Fourth, members require all Lifeline applicants to confirm on the application form that he or she is not receiving Lifeline supported service from any other Lifeline provider.

Fifth, members require all Lifeline applicants to self-certify that they receive Lifeline services only from the member.

Sixth, members make the ultimate decision regarding certification and verification to enroll a subscriber for Lifeline service.

Seventh, members fully cooperate with the Commission, USAC and state public utility commissions to detect and resolve duplicate Lifeline claims.

Eighth, members make available subscriber data to USAC and state public utility commissions upon request to protect against duplication.

Ninth, if a member discovers that a customer is receiving duplicate service, it will inform the customer that it must choose one service provider.

Tenth, members de-enroll Lifeline subscribers that the member knows are no longer eligible or that do not use their Lifeline service for more than 60 days after notice and a 30 day grace period, or as otherwise required by a state public utility commission.

¹ Current Coalition members are Assist Wireless, Global Connections of America, Midwestern Telecommunications (MTI), NewPhone, Ready Wireless, Tag Mobile and Telrite (Life Wireless). The Coalition welcomes other Lifeline and/or Link Up recipients to voluntarily comply with these principles. Additional ETCs voluntarily committing to comply with these principles include: TerraCom and YourTel.

² References to Lifeline are inclusive of the Link Up program.

LINK UP FOR AMERICA COALITION
VOLUNTARY LIFELINE AND LINK UP PROCESS TO ADDRESS DUPLICATE PROVISION
OF LIFELINE AND LINK UP

CGM, LLC, is a Lifeline editing and data processing service bureau based in Roswell, Georgia. CGM provides the following monthly services to ensure that its clients' data remains compliant with the Commission's non-duplication Lifeline requirements.

a. Valid Address Confirmation: Subscriber addresses are checked against USPS and MELISSA databases to confirm their existence and normalize text.

b. Wireline Double-Dip Edit: Each month, prior to calculating the total of subsidy reimbursements to be requested via the federal 497 form, CGM's systems compare the list of subsidies given by a client to the detail of the client's underlying wireline carrier invoice. This edit identifies any and all lines for which the client has received a Lifeline discount/subsidy from the underlying carrier. All such lines are then edited out of the file that will be used to complete the federal 497 form. This edit insures that clients will never request a subsidy for the same line, in the same month, from both an underlying carrier and USAC.

c. Same-Month Lifeline Edit: CGM's systems also edit for duplicate Lifeline subsidies given to the same address in a single month, across an ETC's entire platform (wireline and wireless). This ensures that an ETC client will never request two Lifeline subsidies for the same address in the same month.

d. Duplicate Historical Link-up Edit: CGM builds a unique historical data file for each of its clients. This file contains name and address detail of every Link Up subsidy ever requested by this client. All current-month Link Up reimbursement data is processed through this data file prior to inclusion on a federal 497 form. All historical duplicates are edited out. This ensures that the client will only provide a single Link Up subsidy to a name/address combination, at any time.

e. Active Line Edit: Each month, CGM confirms that all lines for which federal reimbursement is to be requested are active lines on the client's/underlying carrier's network. As such, a client will never request reimbursement for lines that have been terminated in previous months.

f. Pooled, Pre-Sale, Dupe-Check Database: Effective November 1, 2011, CGM will provide ETCs access to a front-end, duplicate check database containing pooled Lifeline subscriber data from CGM customers that choose to participate in this program. Participating ETCs will query this database in real-time, prior to provisioning new service, to prevent duplicate subsidies from being extended to existing Lifeline subscribers. No customer proprietary network information will be passed; rather, dipping-ETCs will receive positive or negative confirmation about the existence of an active name/address combination.

EXHIBIT 2

How much is the Activation Fee for a new AT&T wireless account?

The Activation Fee for new wireless accounts is \$36. If you sign up for a FamilyTalk Plan, the Activation Fee for the primary line is \$36 and \$36 for each additional line.

The fee to upgrade your wireless plan is \$18, unless you are upgrading from a former AT&T Wireless phone, in which case the Activation Fee is waived.

Note: Activation and Upgrade fees are subject to change.

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T-Mobile Customers

Verizon Wireless Rate Plan Information

Description

"Verizon Wireless offers the right individual plans to meet your needs. Choose the Anytime Minute option that's right for you, including our new Unlimited Anytime Minute Plan. Unlimited National IN Calling to any Verizon Wireless Customer and Unlimited Night & Weekend Minutes. Unlimited Anytime Minute plans include unlimited calling with anyone on any network in the U.S. Data sent or received (incl. Mobile Web advertising) is \$1.99/MB. Learn More"

Additional Rate Info

Make or receive calls while traveling internationally with rates starting as low as 69 cents per minute.

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REDACTED-FOR PUBLIC INSPECTION

Activating Your Phone
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for business customers that have a Major Account Agreement with Verizon Wireless. Early Termination Fee: Up to \$175 per line. Taxes, Surcharges and Fees Tolls, taxes, surcharges and other fees, such as E911 and gross receipt charges, vary by market and as of January 1, 2008, add between 4 percent and 35 percent to your monthly bill and are in addition to your monthly access fees and airtime charges. Monthly Federal Universal Service Charge on interstate & international telecom charges (varies quarterly based on FCC rate) is 11.3 percent per line. Beginning July 1, 2008 the Federal Universal Service Charge will be changing to 11.4 percent per line. The Verizon Wireless monthly Regulatory Charge is 7 cents per line. Monthly Administrative Charge (subject to change) is 70 cents per line. Beginning May 1, 2008, the monthly Verizon Wireless Administrative Charge for voice and email plans will increase from \$0.70 to \$0.85 per line. The Federal Universal Service, Regulatory and Administrative Charges are VerizonWireless charges, not taxes. For more details on these charges, call 1-888-684-1888.

Important Information

For more information, refer to the Customer Agreement or speak with a Sales Representative. Service is subject to the Customer Agreement, which you should read before activating service. Credit approval required. Billing, shipping and end-user address must be within the Verizon Wireless licensed and service areas where the wireless phone number is issued. In some rare instances, dialing *228 may alter your Calling Plan's Airtime Rate and Coverage Area. The accuracy of the roaming indicator on your phone cannot be guaranteed. Charges for calls will be based on the cell sites used and time of day at the telephone switching office that carries your call, which may be different than the time of day shown on your phone. Rates do not apply to credit card or operator-assisted calls, which may be required in certain areas. Usage rounded up to next full minute. Unused allowance minutes lost. Charges start when you first press SEND or the call connects to a network on outgoing calls, and when the call connects to a network (which may be before it rings) on incoming calls. Time may end several seconds after you press END or the call otherwise disconnects. For calls made on our network, we only bill for calls that connect (which includes calls answered by machines). Calls to 'toll-free' numbers are toll-free; you will be billed airtime. Billing for airtime and related charges may sometimes be delayed. Delayed airtime will be applied against the included airtime for the month when you actually made or received the call, even though such charges may show up on a later bill. This may result in charges higher than you'd expect in the later month. Unlimited Calling Plan. Plans are not eligible for monthly access discounts. Anytime minutes are for live calls between individuals. Family SharePlan: Minimum of two lines required. Maximum of five lines. Only one line is the primary line. All lines must be activated on the same billing account and in the same market. National IN Calling You can talk with any of our customers anytime from within the America's and North America's Choice (in the United States and Puerto Rico) Rate and Coverage Area. If Caller ID is not present or Caller ID Block is initiated, National IN Calling does not apply to incoming calls and will apply to outgoing calls only. National IN Calling is not available to customers whose wireless exchange restricts the delivery of Caller ID or with fixed wireless devices with usage substantially from a single cell site. National IN Calling does not apply if Call Forwarding or No Answer/Busy Transfer features are activated or to data usage, including Push to Talk calls, Picture Messaging or Video Messaging, calls to check your VoiceMail and calls to Verizon Wireless customers using any of the VZGlobal services. National IN Calling does not apply in those areas of Louisiana and Mississippi where your phone's roaming indicator flashes. Internet AccessMobile Office Kits, PC Cards, PDAs or other wireless modem devices may not be used for Internet access without a subscription to select VZEmail or VZAccess plans. Connecticut Customers: If you have any questions about your bill or concerns about your service, please call Customer Care at: 1-800-922-0204 or dial *611 from your wireless phone. If you are a Connecticut customer and we cannot resolve your issue, you have the option of contacting the Department of Public Utility Control (DPUC): Online: www.state.ct.us/dpuc Phone: 866-381-2355; Mail: Connecticut DPUC, 10 Franklin Square, New Britain, CT 06051.Last Update 06/18/08"

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Verizon iPhone: Hidden Fees and Gotchas

Here's a look at the hidden fees and other costs you could face if you decide to purchase iPhone from Verizon.

By Jared Newman
Jan 26, 2011 7:58 AM



Like any good wireless carrier, Verizon Wireless tends to obfuscate the dirty details of its service plans, and it'll make no exception for the iPhone 4.

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In addition to the Verizon iPhone's on-contract price of \$200 for a 16 GB model and \$300 for 32 GB, you might run into some other hidden fees and Here's a rundown of what to expect:

Wi-Fi hotspot

The Verizon iPhone's surprise feature is its ability to become a 3G Wi-Fi hotspot for up to five other devices, but not for free. Wireless tethering on Verizon iPhone 4 will cost \$20 for 2 GB, plus \$20 for each additional GB. The overage rate is twice what AT&T charges for wired tethering, but the base data is separate from your main data plan. AT&T's wired tethering draws on the same 2 GB as your basic service plan.

Visual voicemail



Verizon doesn't say on its website whether visual voicemail will cost an extra \$2.99 per month, as it does on other Verizon smartphones. Shortly after the Verizon iPhone announcement, a customer service representative told PC World that the service will cost extra, but iLounge reports the opposite. In a follow-up call, a representative said there was no other information available. We do know that if you're an existing Verizon customer, you won't be able to bring old messages onto the iPhone. Saving them to a computer will require you to sign up for visual voicemail, at least temporarily.

Activation

Verizon's activation fee is \$35, compared with \$36 for AT&T. Sometimes, carriers waive activation fees for promotional devices, but it's not clear whether Verizon will do this for the iPhone.

Off-contract cost

If you've got money to burn and don't want to be tied down to a single phone for the next two years, prepare to pay a little extra on Verizon. The off-contract iPhone 4 costs \$650 for 16 GB and \$750 for 32 GB, compared with \$599 and \$699 on AT&T.

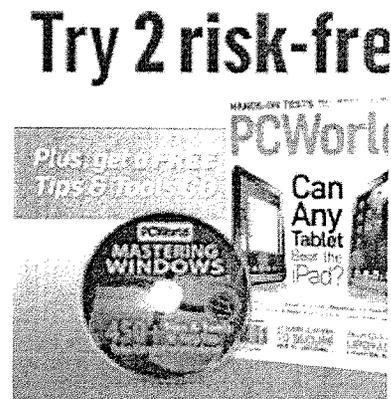
Early termination

Verizon charges \$350 for early termination, minus \$10 for every completed month of your contract. AT&T charges \$325 with the same pro-rating.

Returns and restocking

Verizon charges a \$35 restocking fee for its phones, but hasn't listed fees specifically for the iPhone. AT&T charges a 10 percent restocking fee for best bet is the Apple Store, which charges no restocking fees. In all cases, you're responsible for any usage costs.

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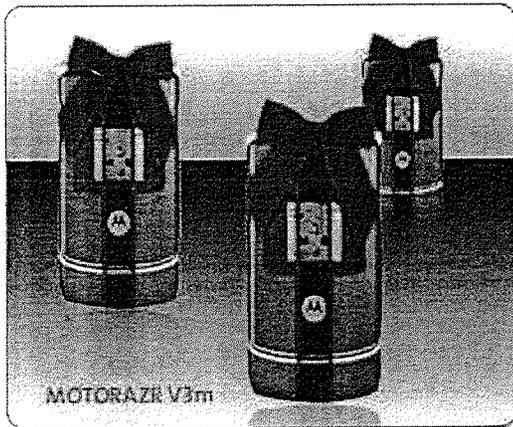
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Two-year subscriber agreement with a new line of service required.

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assistance or other indirect methods). Excludes Nextel phones in certain markets. Excludes calls to or from Nextel subscribers in certain local markets -- call 1-800-SPRINT1 or see in-store brochure for availability in your area and nationwide. Sprint Mobile to Mobile is not available while roaming. **Service Plan:** \$36 activation fee and \$200 early termination fee apply to each line. A deposit may be required. **Risk-Free Guarantee:** Call us to deactivate & return (to place of purchase) complete, undamaged phone w/ receipt w/in 30 days of activation. You're responsible for all charges based on actual usage (partial monthly service charges, taxes, Sprint Fees, etc.). **Mail-in Rebate:** Requires purchase & activation by 01/13/07. Rebates cannot exceed purchase price. Taxes excluded. Line must be active 30 consecutive days. Allow 8 to 12 weeks for rebate.

Service Credit: Requires purchase by 1/13/07 and activation by 1/13/07. Service credit may be awarded in two installments and will appear within the first two invoices. **Risk-Free Guarantee:** Call us to deactivate & return (to place of purchase) complete, undamaged phone w/ receipt w/in 30 days of activation. You're responsible for all charges based on actual usage (partial monthly service charges, taxes, Sprint Fees, etc.).

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When you buy a myTouch phone, it just keeps getting better. With enhancements of key features, upgrades to Android, and tips on how to get the most out of it, your myTouch improves over time!

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myTouch® 4G Slide

Verizon/AT&T
Apple iPhone® 4

4G speeds	Yes	-
Processor	1.2 GHz Dual Core	1 GHz
RAM	768 MB	512 MB
Touch Screen	3.7" WVGA	3.5" Retina
QWERTY keyboard	Yes	-
OS	Android™ 2.3	iOS5

Advanced Camera

Main Camera	8 MP	5 MP
Front Camera	Yes	Yes
Zero Shutter Lag	Yes	-
Dedicated Camera Button	Yes	Volume button
BSI Sensor	Yes	Yes
SweepShot™	Yes	-
ClearShot™ HDR	Yes	Yes
HD Video Capture	1080p	720p

Key Features

Genius Button™	Yes	-
Mobile Video chat	Yes	Wi-Fi only
Group Text	Yes	Yes
T-Mobile® KidZone	Yes	-
Swype	Yes	-
Wi-Fi Calling	Yes	-
Free GPS Navigation	Yes	-

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myTouch 4G Slide myTouch 4G**

4G speeds	Yes	Yes
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Processor	1.2 GHz Dual Core	1 GHz
RAM	768 MB	768 MB
Touch Screen	3.7" WVGA	3.8" WVGA
QWERTY keyboard	Yes	-
OS	Android™ 2.3	Android™ 2.2

Advanced Camera

Main Camera	8 MP	5 MP
Front Camera	Yes	Yes
Zero Shutter Lag	Yes	-
Dedicated Camera Button	Yes	Yes
BSI Sensor	Yes	-
SweepShot™	Yes	-
ClearShot™ HDR	Yes	-
HD Video Capture	1080p	720p

Key Features

Genius Button™	Yes	Yes
Mobile Video chat	Yes	Yes
Group Text	Yes	-
T-Mobile® KidZone	Yes	Yes
Swype	Yes	Yes
Wi-Fi Calling	Yes	Yes
Free GPS Navigation	Yes	Yes

	myTouch® 4G Slide	Verizon Motorola Droid 3	Sprint Samsung Epic 4G	AT&T Pantech Crossover
4G speeds	4G	-	Yes	-
Processor	1.2 GHz Dual Core	1 GHz Dual Core	1 GHz	1 GHz
RAM	768 MB	512 MB	512 MB	512 MB
Touch Screen	3.7" WVGA	4.0" qHD	4" WVGA	3.1" HVGA
QWERTY keyboard	Yes	Yes	Yes	Yes
OS	Android™ 2.3	Android™ 2.3	Android™ 2.2	Android™ 2.2

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Advanced Camera

Main Camera	8 MP	8 MP	5 MP	3 MP
Front Camera	Yes	-	-	-
Zero Shutter Lag	Yes	-	-	-
Dedicated Camera Button	Yes	-	Yes	-
BSI Sensor	Yes	-	-	-
SweepShot™	Yes	-	Yes	-
ClearShot™ HDR	Yes	-	-	-
HD Video Capture	1080p	1080p	720p	480p

Key Features

Genius Button™	Yes	-	-	-
Mobile Video chat	Yes	-	-	-
Group Text	Yes	-	-	-
T-Mobile® KidZone	Yes	-	-	-
Swype	Yes	Yes	-	-
Wi-Fi Calling	Yes	-	-	-
Free GPS Navigation	Yes	Yes	Yes	Yes

	myTouch® 4G Slide	Canon Elph 100 HS	Canon Powershot A800	Nikon Coolpix P300	Nikon Coolpix L24
Price	\$199.99	\$199	\$99	\$300	\$99
Primary Camera	8 MP	12 MP	10 MP	12 MP	14 MP
2nd Camera	VGA	-	-	-	-
Storage	8 GB	-	-	90 MB	17 MB
HD Video Recording	1080p	1080p	480p	1080p	480p
Screen	3.7" Touch	3.0"	2.5"	3.0"	3.0"
Upload to Facebook	Yes	-	-	-	-
BSI Sensor	Yes	Yes	-	Yes	-
Lens Aperture	f/2.2	f/2.8	f/3.0	f/1.8	f/3.1
Focal Length	3.69mm	6.2mm	6.6mm	-	-
Geo Tagging	Yes	-	-	-	-

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SweepShot™	Yes	-	-	-	-
ClearShot™ HDR	Yes	-	-	-	-
BurstShot™	Yes	Yes	Yes	Yes	Yes
Timer	Yes	Yes	Yes	Yes	Yes
Face Detection	Yes	Yes	Yes	Yes	Yes
Smile Detection	Yes	-	-	-	-
Blink Detection	Yes	-	-	-	-
Shake Detection	Yes	-	-	-	-
Zoom	Digital 4x	4x	3.3x	4.2x	3.6x

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So Easy 450		\$40 / line
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Regional GroupTALK PTT Minutes	Unlimited	\$38 / line
Nationwide Shared Cellular Minutes	450 mo / line	5-9 lines
Nationwide Night & Weekend Cellular Minutes	Unlimited	\$36 / line
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	Caller ID	
	Call Forwarding	
	Call Waiting	
	Call Hold	

ORDER NOW

Interested in a service plan? Order it now!

ORDER ONLINE

Call 1-800-818-LINC (5462)

Find a Store Near You

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	3-Way Calling
Service Agreement Terms	1 Year or 2 Year
Minutes Sharing	Nationwide Minutes will be shared among subscribers on the So Easy 300, 450 and 750 plans. Additional Shared Cellular Packages may be added.

< BACK TO SO EASY SHARE PLANS

COVERAGE MAPS



Regional Service Area
Nationwide Service Area

* Unlimited services are subject to permissible usage allowances; visit southernlinc.com/promodetails. Data service usage allowance should not exceed 500 MB per line per month. A \$35 activation fee per line applies. A \$35 activation fee for four or more lines is waived provided all lines are on the same order on the same day. Up to \$200 early termination fee per line applies. Additional taxes, fees and surcharges may apply. A 1- or 2-year service agreement or qualified contract renewal is required. Coverage is not available everywhere; visit southernlinc.com/promodetails. Partial minutes of use are rounded up to the next minute. Nights are defined as 9:00 PM to 6:59 AM Monday - Thursday from call origination location and Weekends are defined as 9:00 PM Friday to 6:59 AM Monday from call origination location. Nationwide Long Distance applies to calls which are originated inside the SouthernLINC Wireless Regional Service Area and terminated in the United States, Puerto Rico, U.S. Virgin Islands or Canada. Long Distance minutes are deducted from Nationwide, Nationwide Shared or Regional Shared Cellular Minutes. Unused monthly plan minutes do not carry forward.

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QWEST WIRELESS PLANS KEEP UP WITH YOU.

Cross Country 500 Anytime Minutes

Starting at

\$39.99
a month

1. Choose Your Wireless Plan

Qwest Wireless® Cross Country Plans

Talk anywhere on the network with our nationwide home coverage area.

Cross Country Anytime Minutes

Choose from 9 plans and a wide range of anytime minutes.

60-3000 anytime minutes \$19.99 – \$139.99 a month

Included with Most Qwest Wireless Plans:

- Free on-network calling between your Qwest Wireless® and primary Qwest home phone number (when combined on same bill)
- Caller ID, Domestic Wireless long-distance, 3-Way Calling
- Unlimited Nights/Weekends Long Distance on Qwest® Home Phone (Requires Qwest Long Distance)

And Add These At No Additional Charge:

- One Number Service – a single number for your home and wireless phone
 - Wireless Voice Messaging and Voice Messaging Link – home and wireless phones share the same voice mailbox
- Available at time of order at no charge with plans with 500 or more minutes.

2. Customize Your Plan

Add-A-Line

- Add up to 4 additional wireless phones to a qualifying Cross Country plan (500 minutes or more)
- Unlimited calling between phones on plan (Excludes roaming)

Each additional wireless line \$14.99 a month

Unlimited Nights and Weekends

Starting at 9 p.m. \$5.00 a month

Starting at 7 p.m. \$10.00 a month

(International calling information available. Requires combined billing and selection of that feature.)

3. Pick A Phone

Qwest offers the latest phones from Sanyo®, Motorola® and Kyocera® in every price range. Pick the one that's right for you. Ask about special offers including free-after-rebate offers, deals on camera phones and Ready Link™-capable phones.

ASK ABOUT OUR SPECIAL OFFERS!

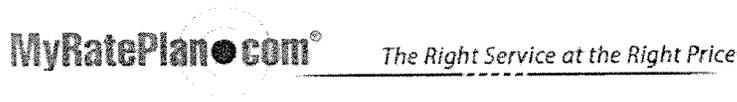
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Prices exclude taxes, surcharges and monthly cost recovery fees of \$1.75 per line.



With approved credit. Services not available in all areas. May require equipment purchase at additional charge. Subject to applicable restrictions and Qwest Wireless® Service Agreement. Call Qwest® or visit www.qwest.com for details. Qwest Wireless: Other charges apply, including \$35 per-phone activation fee, charges for additional minutes and roaming, per-message charges for Two Way Text Messaging, and \$200 per-phone early termination fee with fixed-term contracts. Calls rounded up to next full minute; unused minutes forfeited. Add-a-Line Feature: Additional term commitment may apply. Free Calls Between Qwest Wireless and Home Phones: Not compatible with all features and phone systems. Free Nights and Weekends on Home Phone: Covers residential wireline calls within continental U.S. between 7pm and 7am weekdays and from 7pm Friday to 7am Monday (not available in MT). Unlimited Wireless Nights and Weekends: Covers on-network calls to continental U.S. initiated between 9pm and 7am weekdays and 9pm Friday – 7am Monday; or starting at 7pm, depending on feature selected.

EXHIBIT 3



Cell Phones & Plans | Home Phone | Bundles | Travel | TV | Credit Cards | Insurance | Internet | Blog



[Home > Cell Phones and Plans > Buying Guide > Choosing a Rate Plan > Other Rate Plan Costs]

Like 0 3

Contract Length >

Cell Phone Buying Guide

- Introduction
- Key Points
- The Purchase Transaction
- Finding the Best Service
- Coverage Area and Reception
 - » Trial Period
 - » Signal Strength
- Selecting a Cell Phone
 - » Technology Limitations
 - » Cell Phone Features
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- Choosing a Rate Plan
 - » Rate Plan Types
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 - » Calling Area
 - » Anytime Minutes
 - » Free Plan Benefits
 - » Long Distance
 - » Roaming
 - » Other Voice Features
 - » Data Services

Other Rate Plan Costs

ACTIVATION FEES AND YOUR FIRST BILLS

Most carriers charge an activation fee for setting up new service. These fees vary, but most are currently around \$35. Family plans incur an activation fee for each line, although it may be lower for each line after the first one. Activation fees are pretty much pure profit for the carrier. However, they are an accepted part of the industry pricing structure; everyone has them, so they are not likely to be part of the equation when choosing one carrier over another. Just be aware that they exist, and that they will have to be paid either at sign-up or with your first bill.

Speaking of that first bill, most carriers will prorate charges for the partial first month of service and then bill you in advance for the first full month. So, for example, if you sign up for a \$40 plan on January 15, you may get a bill on or before February 1 that charges you \$20 for January and \$40 for February.

Your Second Bill The second bill you get is likely to be the first one reflecting a full month's usage. This is a good time to make sure you have the right number of minutes in your plan. If you find yourself with overage charges, and you think your usage for the month was typical, call your carrier ASAP and change your plan to include enough minutes to avoid these charges going forward. Most carriers are quite agreeable to this; after all, a user committing to a higher rate plan is a more valuable customer.

More Ways to Save

Compare Android Cell Phones

The popular mobile platform now available in a number of phones, some free with service. Android phones include DROID, Galaxy series, HTC Evo and more.
MyRatePlan:: Wireless

Save on Auto Insurance

Free instant quotes from top companies. May the Best Quote Win.
MyRatePlan:: Insurance

This Credit Card Pays you \$200 Cash Bonus

Sign up for this Chase Freedom® Visa and get \$200 after you make \$500 in purchases in 3 months. 0% intro APR and no annual fee!
*See offer for Terms
MyRatePlan:: Financial

Free HD for Life!

From Dish Network. In addition, save up to \$20/month on programming for a year + free HD DVR upgrade. Click this ad or call

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- Messaging
- Other Data Features
- » Other Rate Plan Costs
- » Contract Length
 - Ending a Contract Early
- Phone Insurance & Warranty
- Wireless Network Technology
- Accessibility & Usability
- Cell Phones & Children
- Using Your Phone Overseas
- Replacement Phones
- Disposing of a Phone
- Cutting the Cord
- Number Portability
- Appendix: Industry Economics

FEES AND TAXES

As with many other purchased services, a number of government taxes will be added to your bill. These vary by jurisdiction, but will likely add 15% or more to your bill. These taxes can't be avoided, but most are percentage based, so if you are able to minimize your monthly cost for service, you will also be minimizing the dollar amount of your taxes.

Some good news on the tax front: As of July 2006, the 3% federal excise tax, previously assessed on subscribers' wireless bills was no longer being collected.

Cost Recovery Fees In addition to required taxes, most carriers charge a monthly amount for a cost recovery. These fees are theoretically to recoup expenses the carrier incurs to administer mandatory government programs like number portability, universal service, and E911, but they are not required fees. The government allows these fees to be listed separately on the bill.

Monthly cost recovery fees (per line) among the major carriers are as follows:

• AT&T Up to \$1.25	• T-Mobile \$0.86
• Nextel Up to \$2.83	• Verizon \$0.05
• Sprint \$0.55	

As of 08/2006 per carrier websites

DIRECTORY ASSISTANCE

Unlike the above cost items, directory assistance is optional, and you are getting some benefit (a useful phone number) back from the operator. However, calling 411 is relatively expensive, so we include it here because the charges can quickly add up on your bill.

Per-call charges to 411 for the major carriers are as follows:

• AT&T \$1.79	• T-Mobile \$1.49
• Nextel \$1.40	• Verizon \$1.70
• Sprint \$1.40	

As of 08/2006 airtime additional

1.866.915.2304.
MyRatePlan:: Television

Samsung Epic 4G

Touch for Sprint

An Android smartphone from the popular Samsung Galaxy series, with a huge 4.5 inch touch display, super fast processor and an 8 megapixel camera with HD video capture.
MyRatePlan:: Wireless

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Getting a Cell Phone Number from Directory Assistance

Today, cell phone numbers are generally unavailable via directory assistance. With more people using their cell phone as their primary phone, some would like to have their number available to others. In recent years, there have been a couple attempts by the wireless industry to develop an opt-in directory. However, some carriers refused to participate (Verizon being especially vocal in its opposition), and those efforts have ceased.

Don't Bother Me

It is illegal for telemarketers to call a cell phone number with an automated dialer. However, if you want added protection, you can add your cell phone number to the National Do Not Call Registry. There is an e-mail that occasionally goes around saying that the ban on telemarketing will end in some other short timeframe. This is false, and can be ignored.

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"The Right Service at the Right Price"



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EXHIBIT 4



Verizon Wireless No Activation Fee on Mobile Smartphones and Broadband Devices

For a limited time, purchase any smartphone or broadband device on the Verizon Wireless network and your activation fee is waived.

Offer Details

Requires a 2-year service agreement on a qualified postpaid plan (new activations or upgrades). Applies to online transactions on BestBuy.com and Best Buy in-store activations.

Lines must remain active for at least 30 consecutive days after activation or upgrade.

Credit will be fulfilled by Verizon, applied to your bill and may take up to 3 billing cycles to process.



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