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September 15, 2016

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

Re: <u>TracFone Wireless Motion for Stay of the Effective Date of Revised 47 C.F.R. § 54.407(c)(2); WC Docket Nos. 11-42, 09-197, 10-90</u>

Dear Ms. Dortch:

The Joint Lifeline ETC Petitioners[1] write to express their support for TracFone Wireless, Inc.'s motion for a stay or deferral of the effective date of revised 47 C.F.R. § 54.407(c)(2), the "non-usage rule."[2] As the Joint Lifeline ETC Petitioners noted in our Reply in support of our petition for reconsideration, halving the non-usage period will be tremendously burdensome for low-income consumers and eligible telecommunications carriers (ETCs).[3] The shortened period will dramatically increase the number of consumers who will be unfairly de-enrolled despite a continued desire and eligibility to remain in the program, and need for Lifeline-supported communications services.

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[1] The members of the Joint Lifeline ETC Petitioners are American Broadband & Telecommunications Company, Blue Jay Wireless, LLC, i-wireless LLC, Telrite Corporation (collectively, the Lifeline Connects Coalition), and Assist Wireless, LLC, Easy Telephone Services Company d/b/a Easy Wireless, Prepaid Wireless Group LLC and Telscape Communications, Inc./Sage Telecom Communications, LLC (d/b/a TruConnect).

[2] *See Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42, et al., TracFone Wireless, Motion for Stay or, in the Alternative, Deferral of the Effective Date of Revised 47 C.F.R. § 54.407(c)(2) (filed Sep. 8, 2016).

[3] *See Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42, et al., Joint Lifeline ETC Petitioners' Reply in Support of Their Petition for Reconsideration, 8-10 (filed Aug. 8, 2016) (Reply).

Indeed, in its petition for reconsideration, TracFone provided specific evidence that a significant portion of subscribers de-enrolled for non-usage re-apply for Lifeline service the following month.[4] TracFone estimates that the shortened non-usage period will triple the number of Lifeline subscribers that are de-enrolled for non-usage but then subsequently re-enroll. Sprint supplied further, corroborating data in its comments on the petitions for reconsideration of the Lifeline Modernization Order. For instance, Sprint found that of those subscribers with no activity in a 30 day period, 38 percent resume their usage within the next 15 days, while 66 percent resume usage within the next 60 days.[5] Sprint estimates that "the increase in de-enrollments associated with a 30-day inactivity period will be significantly larger than the number of subscribers who remain enrolled because they had sent a text or used data."[6]

These findings are consistent with what Joint Lifeline ETC Petitioners have found after reviewing their subscribers' usage histories. One of the Joint ETC Petitioners conducted an analysis and found that approximately *three times* the number of individuals would be de-enrolled under the new 30-day non-usage period compared to the 60-day non-usage period.[7]

Further, the increased churn rate will disincentivize ETCs from offering advanced services and handsets. Although the Lifeline program does not support the devices used with Lifeline service offerings, mobile devices are generally supplied by wireless ETCs at no cost or substantially reduced cost to Lifeline subscribers. If subscribers are constantly de-enrolled and re-enrolled due to intermittent periods of non-usage that can be caused by hospital stays, temporary absence from the country, or other reasons, such churn imposes a substantial cost on ETCs that often must provide a new device because the subscriber may have discarded the old one when he or she was de-enrolled. Incurring those costs makes it more difficult to provide more advanced handsets and increase service offerings. In addition, this increased churn will impose costs on the program in the form of de-enrollment and re-enrollment costs including database dips.

Finally, the change will be unduly administratively burdensome at a time when ETCs are making numerous and complex changes to their Lifeline operations, and communicating these many changes to their Lifeline subscribers. There are many changes coming for Lifeline subscribers on or about December 1, 2016, from new plans to changes in annual recertification to limits on benefit transfers. However, those changes are beneficial for Lifeline subscribers. This is

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[4] *See Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42, et al., TracFone Petition for Reconsideration, 24 (filed June 23, 2016).

[5] *See Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42, et al., Comments of Sprint Corporation, 6 (filed July 29, 2016)

[6] *See Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42, et al., Comments of Sprint Corporation, 7 (filed July 29, 2016).

[7] *See* Reply at 9.

not the time to impose an administratively burdensome rule and process change on ETCs that is detrimental to low-income consumers.

The Joint Lifeline ETC Petitioners look forward to continuing to work with the Commission to make Lifeline modernization a success. However, the data provided by TracFone, Sprint, and the Joint ETC Petitioners clearly indicate that the shortened non-usage rule will result in significant harms to consumers, as well as hamper efforts by ETCs to offer compelling and competitive Lifeline service offerings. The Commission should grant TracFone's motion for stay or defer the effective date of the change to the non-usage rule, pending its action on TracFone's petition for reconsideration.

Respectfully submitted,

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