

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket 96-45
	)	
TRACFONE WIRELESS, INC.	)	
	)	
Petition for Designation as an	)	
Eligible Telecommunications Carrier	)	
In the State of New York	)	

**COMMENTS OF SUSTAINABLE MARKETS FOUNDATION**

Sustainable Markets Foundation respectfully submits the following Comments in support of the Petition of TracFone Wireless, Inc. (TracFone) for Designation as an Eligible Telecommunications Carrier in the State of New York and its Petition for Forbearance in CC Docket No. 96-45, filed June 8, 2004.

**I. Introduction**

Sustainable Markets Foundation is a not-for-profit consumer group based in New York. Sustainable Markets is concerned with ensuring low-cost access and increased options for telecommunications service consumers.

Sustainable Markets Foundation supports the efforts of wireless resellers to become designated as eligible telecommunications carriers in New York State because this designation would qualify wireless resellers to receive universal service support and thus provide more affordable service to low-income consumers in New York State, as

well as to consumers who live in rural areas of New York where the cost of providing service is high.

## **II. Consumers Eligible for Lifeline Service Use Prepaid Wireless**

Wireless phone service has become an expected, if expensive, convenience for most consumers. Pre-paid wireless phone service has become an alternative to regular in-home phone service for many low-income consumers, including migrant workers, working, traveling through, or living in rural areas with little access to regular phone service. It has also become an alternative to regular phone service for consumers who may not stay at one residence long enough to justify service connection fees or consumers with poor credit ratings who would otherwise have trouble obtaining phone service.

For some consumers, pre-paid wireless phone service is the lowest-cost alternative for obtaining cellular phone service. Per minute charges are usually higher for pre-paid service than for conventional, post-paid service, but pre-paid wireless phone users can pay much less per month than they would if locked into an annual contract with a set monthly charge. For example, consumers can buy 40 minutes worth of cell phone usage from AT&T's pre-paid service, AT&T Free2Go, for \$10, and the minutes can be used over a 90-day period.<sup>1</sup> This is especially beneficial for consumers keeping cell phones for use on an emergency basis only. Using the above example, consumers wanting cell phone service to be able to call for medical help or to receive emergency calls from their child's school or caregiver would be able to keep that phone working for under \$4 per month.

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<sup>1</sup> Telecommunications Research and Advocacy Center, TRACNotes, Vol. 2, No. 23, June 11, 2004.

Some consumers also find it easier to stay within budget with a pre-paid wireless service. For example, with TracFone, consumers pre-pay for a limited amount of toll and local service. Unlike wireless services with monthly consumer contracts, there is no danger that low-income consumers will be hit with budget-busting late charges, or large charges for heavy calling. For TracFone customers, the amount of service provided per expenditure is also predictable, even for usage in rural areas, because TracFone charges its customers uniform rates throughout the country. Thus, rural TracFone customers are subject to the same rates as consumers in low cost areas – cities and suburbs. For example, consumers in Plattsburgh and New York City are charged the same amount for service, even when TracFone is charged significantly higher rates by its underlying facilities based carriers in high cost areas.

### **III. Granting ETC Status to Wireless Resellers such as TracFone will Benefit Consumers**

Low-income consumers and consumers in rural areas are already using pre-paid wireless services. TracFone has certified that it has the ability to provide all services and functionalities supported by the universal service program, and that when designated an ETC, it would make available to all customers requesting service within the designated service area a universal service offering – including Lifeline Service to qualifying customers. It makes sense for the FCC to recognize consumer usage and designate wireless resellers such as TracFone as Eligible Telecommunications Carriers so that they can receive universal service support and provide Lifeline Service to rural and low-income New Yorkers.

The designation of TracFone and other pre-paid wireless service providers as ETCs will promote competition and benefits to consumers in rural and high-cost areas. Such designation will increase consumer choice by offering rural customers an alternative to the incumbent phone companies. Additionally, granting TracFone's Petitions will increase access to services that may not be affordable to low-income consumers when provided by traditional local phone and wireless service companies, such as larger local calling areas, Caller ID, voice mail, call forwarding, and long distance with no toll charges.

**IV. Conclusion:**

Granting TracFone's Petition For Designation as an Eligible Telecommunications Carrier in the State of New York and its Petition for Forbearance is in the public interest. The spirit of universal service is clearly served: there will be a myriad of consumer benefits and no consumer harm. Sustainable Markets Foundation urges that the Commission designate TracFone as an ETC in the State of New York.

Respectfully submitted,

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