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June 12, 2007

VIA ELECTRONIC FILING AND U.S. MAIL

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

Re: Notice of Ex Parte Presentation in CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, NSD File No. L-00-72

Dear Ms. Dortch:

On June 7, 2007, F.J. Pollak, President and CEO of TracFone Wireless, Inc., Leighton Lang, Assistant General Counsel of TracFone Wireless, and I met with: 1) Lisa Edgar, Universal Service Joint Board member; 2) David Dowds and Jacob Williams, Joint Board Staff; and 3) Earl Poucher Joint Board staff.

During the meetings, we distributed the attached presentation and further reiterated the position taken by TracFone Wireless that the proposed USF number fee would disproportionately burden low-volume prepaid wireless services and would not be competitively-neutral. Finally, TracFone seeks the alternative that low-volume prepaid services be allowed to contribute based on a per-minute charge.

If you have any questions regarding this filing, please feel free to contact me.

Sincerely,

Lila A. Jaber

Enclosures

cc: Roberta Bass, Advisor to Chairman Lisa Edgar
Earl Poucher, Florida Public Counsel's Office
David Dowds, Florida PSC Staff
Jacob Williams, Florida PSC Staff
Leighton Lang, TracFone Wireless

TRACFONE®
wireless, inc.

Presentation to

Honorable Lisa Polak Edgar

Chairman, Florida Public Service Commission

on

Federal Universal Service Reform

June 7, 2007

About TracFone Wireless

- TracFone – based in Miami, FL -- is the nation's largest provider of prepaid wireless services, with over 8 million customers.
- TracFone does not own or operate telecom facilities but resells the wireless services of over 25 wireless carriers nationwide.
- This gives TracFone the unique ability to serve customers in every state in the U.S., in virtually every location where wireless telecommunications is operational.
- TracFone is a subsidiary of American Movil SA, based in Mexico, which has over 124 million cellular customers in 15 countries in the Americas.

Prepaid Wireless & Universal Service

- The prepaid wireless industry currently serves over 30 million Americans.
- Prepaid wireless contributes to the § 254 goals of universal service: "Quality services should be available at just, reasonable, and affordable rates."
- Prepaid wireless appeals to low-volume and low-income cellular customers who cannot afford or qualify for conventional local telephone or wireless service.
- Prepaid customers purchase airtime from retailers on a "pay-as-you-go" basis – there are no bills or monthly contracts for prepaid.
- TracFone practices "truth-in-billing" – the advertised price is the actual price – no hidden taxes, "regulatory fees", deposits or penalties.

Universal Service Issues

- TracFone applauds the Joint Board for its efforts to control the high-cost fund and recommends additional measures:
- Cap high-cost payments to both incumbent LECs and competitive ETCs.
- Cap total USF spending as soon as possible, not just the high-cost fund.
- Eliminate the system of high-cost payments to multiple ETCs serving the same area.
- Conduct a comprehensive study of representative high-cost areas to determine if USF works or is even needed.
- Consider alternative approaches like reverse auctions.

Fairness in Contribution Methods

- The proposed USF number fee would disproportionately burden low-volume prepaid wireless services and would not be competitively neutral.
- TracFone agrees with Verizon's 2006 comments submitted to the FCC:

  "It is more difficult for prepaid wireless providers to pass through a monthly per number assessment because they do not send monthly bills to customers. Since prepaid wireless customers do not buy service by the month but instead buy blocks of minutes, often in low amounts, a per-month assessment is infeasible. The FCC should either preserve the current revenues-based assessment for prepaid wireless, or adopt a per-number assessment that reflects the unique characteristics of this service".
- Legislation currently pending in Congress by Sen. Stevens and Congressmen Boucher and Terry (S.101 and H.R.2054) contains provisions to address the potential adverse impact of a number fee on low-volume, low-income telecom customers.

"By-the-Minute" Contribution Method

- If the FCC moves to a numbers-based contribution methodology, TracFone asks that low-volume prepaid services be allowed to contribute based on a per-minute charge:
- Assume that the number fee is $1.00/mo. and that FCC data shows the average billed wireless customer uses 800 minutes/mo. The $1 billed USF fee would be equal to a rate of $0.00125/minute.
- Apply this rate to low-volume prepaid wireless services.
- TracFone's average customer uses 80 minutes of prepaid wireless service per month. Under the "By-the-Minute" plan, the funding burden on the average prepaid and postpaid services would be the same -- $0.00125/minute.

Prepaid Wireless & Lifeline

- Prepaid wireless Lifeline is a cost effective way of boosting phone subscribership – the core purpose of USF.
- In 2004, TracFone petitioned the FCC for ETC status in FL and seven other states only to offer Lifeline Service (does not seek high-cost support). The FCC has taken no final action on the petitions.
- Only one Lifeline payment per eligible household – no duplicate payments.
- Pay-as-you -go Plan - No charge to customer for 360 minutes usable over 12 months (all additional minutes at half price).
- NET10 Plan - 100 free minutes and 10 extra days per month or customers would receive a $10 discount coupon for each month they are in the Lifeline Plan.

Florida Governor Supports TracFone Lifeline ETC Petitions

- *"On behalf of the citizens of the State of Florida, I strongly encourage the Commission to grant TracFone's petitions at the earliest opportunity. TracFone has proposed to utilize support from the federal Universal Service Fund to offer low-income consumers eligible to participate in the Lifeline program a state-of-the-art full-featured wireless service offering at a very affordable rate."*

Hon. Jeb Bush
Governor of Florida
(Letter to FCC Chairman Michael K. Powell, dated November 9, 2004)

FLORIDA'S USF BURDEN

- Federal USF spending reform is urgently needed by Floridians.
- Florida phone users contribute almost $475 million annually to USF – more than any other state except California.
- Florida receives only $163 million annually in USF payments.
- Florida has the biggest annual USF deficit of any state – over $312 million !

Source: FCC Universal Service Monitoring Report (2006).