

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Lifeline and Link Up)	WC Docket No. 03-109
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	

**PETITION TO ESTABLISH
A TRIAL BROADBAND LIFELINE/LINK UP PROGRAM**

TracFone Wireless, Inc., hereby petitions the Commission to modify its universal service rules as necessary and appropriate in order to establish on a trial basis a Broadband Lifeline/Link Up program. Under this program, telecommunications service providers who have been designated as Eligible Telecommunications Carriers (ETCs) pursuant to Section 214(e) of the Communications Act of 1934, as amended,¹ will be allowed to provide Broadband Lifeline/Link Up service to eligible low income households and to have the costs of providing such service and the devices used to access the service (up to certain limits) covered by the federal Universal Service Fund (USF). ETCs electing to participate in the Broadband Lifeline/Link Up program may do so by notifying the Commission of their intent to participate. Since those entities already have been designated as ETCs either by the Commission or by state commissions, there would be no need to apply for additional designation or for expanded ETC authority.

TracFone believes it is time to extend the concept of universal service beyond subsidizing affordable telephone service in high cost communities and for low income consumers. Despite the fact that broadband access to the Internet has been deployed to many households, broadband

¹ 47 U.S.C. § 214(e).

services remain economically beyond the reach of all too many low income households. According to a recent study published by the Pew Internet & American Life Project, only twenty-five percent of households with annual incomes below \$20,000 have broadband service, as compared with fifty-five percent of all households. Among households within annual incomes between \$50,000 and \$75,000, sixty-seven percent have broadband access; households with annual incomes above \$100,000 have a broadband penetration rate of eighty-five percent.² Those statistics document the disturbing fact that there is a Digital Divide in the United States. The Broadband Lifeline/Link Up trial proposed herein would be an important step in bridging that divide.

The statutory definition of universal service is an “evolving level of telecommunications services that the Commission shall establish periodically under this section, taking into account advances in telecommunications and information technologies and services.”³ TracFone shares the view that it is time to make available to all Americans, including low income households, affordable broadband Internet devices and access (over wireline or wireless networks) through a subsidy program funded by the USF modeled on the current Lifeline and Link Up programs for voice telephone service. Before implementing such a program on a permanent basis, TracFone proposes that the Commission establish a limited program on a trial basis in certain markets. The Broadband Lifeline/Link Up program could then be modified as appropriate based on the experience gained during that market trial.

² Home Broadband Adoption 2008, Pew Internet & American Life Project, July 2008 at 3.

³ 47 U.S.C. § 254(c)(1).

Description of the Broadband Lifeline/Link Up Trial

Initially, 500,000 to 1,000,000 low income households in several selected jurisdictions would be selected for the trial program. TracFone proposes that the Broadband Lifeline/Link Up trial be conducted in the states of Florida, Virginia, Tennessee and the District of Columbia. Based upon how the program is implemented in those jurisdictions and what is learned during the trial, the Broadband Lifeline/Link Up program could be introduced on a national basis. Eligibility for participation would be income-based (*i.e.*, less than 135 percent of the federal poverty guideline) or program-based (documentation of participation in various specified low income assistance programs such as school lunch programs, Medicaid, energy assistance) as is currently used for Lifeline/Link Up eligibility.

Under the Link Up portion of the program, participating providers would receive a subsidy in the amount of \$250 per device to offset some or all of the cost of providing suitable Internet access devices to the customers. The device could be either a laptop/desk top computer or a handheld device such as a BlackBerry or other wireless device equipped for Internet access. The device subsidy would be a one time subsidy and would be limited to one unit per qualified household. The subsidy amount would be paid by the Universal Service Administrative Company (USAC) to the participating ETC which provides the device and the service to the customer.

Under the Lifeline portion of the program, each participating household would also receive \$30.00 in monthly Lifeline support to offset the cost of broadband Internet access service of a participating provider. The per customer subsidy would be provided by the ETC which would, in turn, be reimbursed \$30.00 per month by USAC for each participating customer to whom it provides Broadband service. This \$30.00 monthly support provided to the participating

customers would be separate from and in addition to their monthly Lifeline support for voice telephone service. Participating customers may select the same Lifeline provider for their voice service and for their broadband service. However, the support payments and discounts would be separate. There would be a limit of one Broadband Lifeline/Link Up enrollment per household and the enrollment would be for a twelve month period. Participating households who remained eligible for the program would be entitled to remain in the program beyond the first year, subject to the requirement that participating ETCs verify their customers' continued eligibility under the applicable income-based or program-based criteria as they are required to do for their voice Lifeline customers. There would be no state or carrier matching requirements. The Broadband Lifeline/Link Up program would be exempt from fees and taxes to the same degree as other Lifeline programs.

All carriers designated as ETCs within the service areas for the trial would be allowed to participate, provided that they notified the Commission of their election to participate on or before a notification deadline date established by the Commission and announced in a Commission-issued public notice.

Wireline providers would be required to provide broadband service at speeds at least equivalent to that provided using Digital Subscriber Line (DSL) technology. Wireless providers would be required to provide service at speeds equivalent to that available using 3G technology. Available Internet services would include the ability to send and receive e-mail, web searching and browsing, and uploading and downloading of data and video files.

Cost of the Trial Program

Assuming that there are 500,000 participants, the cost of the device subsidy would be \$125,000,000 (500,000 x. \$250). The annual service cost would be \$180,000,000 (\$360 x 500,000). Thus, the total cost to the USF of a one year trial limited to 500,000 participating households would be \$305,000,000. If there are 1,000,000 participants, the cost of the support for the devices would be \$250,000,000 (1,000,000 x \$250.00). The total cost for the trial for one year, including equipment support and monthly service support, would be \$610,000,000.

In order to ensure that the number of participants in the Broadband Lifeline/Link Up trial not exceed the trial limit, participating ETCs would be required to notify USAC not less often than monthly of the number of enrolled customers in the program. USAC would then publish on its website the aggregate number of enrolled customers, broken down by state, but not by ETC, so as not to compromise the any carrier's proprietary customer enrollment data.

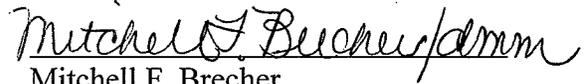
Conclusion

TracFone believes that the Commission should now focus its attention on making available and affordable access to broadband service by all Americans, including low income households, an integral component of the nation's universal service policy. While telephone penetration rates are well above ninety percent, all too many low income families simply cannot afford to purchase broadband Internet access services or the devices necessary to access such services. As a result, millions of low income American households are being excluded from the Information Economy. Indeed only twenty-five percent of low income households (*i.e.*, those with annual incomes below \$20,000) have broadband connections to the Internet. The relatively modest proposal described herein will enable the Commission to explore mechanisms for making available broadband connectivity as part of the universal service program. TracFone anticipates

that this program will provide the Commission and the public with important information and ideas for making affordable broadband access to all Americans a reality.

Respectfully submitted,

TRACFONE WIRELESS, INC.

Handwritten signature of Mitchell F. Brecher in cursive script.

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