



wireless, inc. 9700 NW 112th Avenue | Miami, FL 33178

August 30, 2010

Hon. Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re: CC Docket No. 96-45; TracFone Wireless, Inc.**

Dear Chairman Genachowski:

As you know, I am President and Chief Executive Officer of TracFone Wireless, Inc. TracFone has been designated as an Eligible Telecommunications Carrier (“ETC”) in thirty-two states and currently provides Lifeline service to low-income households as an ETC in many of those states. TracFone’s Lifeline service is offered under the brand name, SafeLink Wireless<sup>®</sup>. I have become aware of recent correspondence between you and Congressman Brian Higgins (D-NY) regarding TracFone’s SafeLink Wireless<sup>®</sup> Lifeline service and the manner in which that service is advertised. I am concerned that Rep. Higgins’s letter to you erroneously states important facts about TracFone’s SafeLink Wireless<sup>®</sup> program and that your response overlooks important aspects of the program. For that reason, I would like to correct and supplement that information.

First, TracFone does not now nor has it ever used federal Universal Service Fund (“USF”) money to provide wireless handsets to Lifeline customers. It is true that TracFone provides every person who is eligible for Lifeline benefits and who enrolls in the SafeLink Wireless<sup>®</sup> program with a free E911-compliant wireless telephone. However, those phones are funded entirely by TracFone. TracFone purchases wireless handsets from leading manufacturers (including Motorola, LG, Nokia, and Samsung) at its own expense. TracFone’s purchase of those handsets is part of its investment in the Lifeline program. Not one cent of the cost of providing those wireless handsets is supported by the federal USF.

Second, SafeLink Wireless<sup>®</sup> customers receive free wireless airtime each month that they are enrolled in the program. Those minutes of airtime are supported by the federal USF. The amount of USF support which TracFone receives is governed by Section 54.403 of the Commission’s Rules. Pursuant to that rule, TracFone may receive up to \$10.00 per month in USF support per enrolled Lifeline household, depending on the Subscriber Line Charges of the incumbent local exchange carriers serving the areas where TracFone’s Lifeline service is available.

Recently, TracFone announced significant enhancements to its Lifeline program. As a result of those changes, effective August 16, 2010, SafeLink Wireless<sup>®</sup> customers may now receive 250 minutes of wireless airtime per month. Those minutes may be used for local, intrastate and interstate calling, as well as roaming calls, and for sending and receiving text messages. In addition, SafeLink Wireless<sup>®</sup> customers receive important features including call waiting, caller ID, and voice mail -- at no additional charge. No other wireless ETC in the nation offers as many free monthly minutes of service. TracFone has increased the number of free minutes of service in response to articulated concerns of consumer advocates and advocates for low-income groups that Lifeline customers needed greater amounts of free wireless service. TracFone has increased its Lifeline benefits without receiving any additional USF support.

TracFone does not understand the statement in your response to Rep. Higgins that its advertising “trivializes” the Lifeline program. Please be assured that TracFone takes its obligations as an ETC very seriously. TracFone complies fully with all applicable federal and state requirements governing Lifeline eligibility certification and verification of continuing eligibility. Only applicants who demonstrate that

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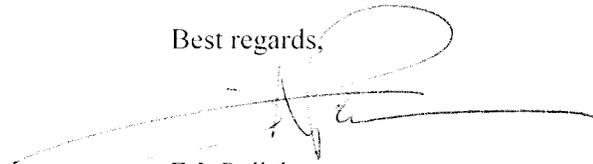
they are qualified to receive Lifeline benefits are enrolled in the program. Moreover, TracFone has developed, in consultation with several state commissions, a non-usage policy which results in customers being de-enrolled from the SafeLink Wireless<sup>®</sup> Lifeline program following periods of 60 days of non-usage. This non-usage policy ensures that only qualified Lifeline households who utilize the service may remain enrolled in the program and that TracFone only receives support from the federal USF for those Lifeline customers who use the service.

As for the advertising itself, all TracFone print and radio/television advertisements carefully and accurately describe the service and the Lifeline program. Our ads are extensively reviewed to confirm that they are accurate in all respects. In no way does my company's advertising "trivialize" any aspect of the federal universal service program. What TracFone does do is advertise SafeLink Wireless<sup>®</sup> aggressively and extensively in an effort to inform as many qualified low income households about its Lifeline program. Section 214(e)(1)(B) of the Communications Act requires ETCs to advertise the availability of Lifeline-supported services in media of general distribution. Few, if any, other ETCs -- wireline or wireless -- advertise their Lifeline services as extensively as does TracFone. Our aggressive advertising efforts and the increased consumer demand for wireless service, especially a free wireless Lifeline service, has enabled TracFone to enroll approximately three million Lifeline customers, and to materially increase Lifeline participation among qualified low-income households in every state where SafeLink Wireless<sup>®</sup> is available. Given the historically low Lifeline participation rates throughout the nation, we at TracFone are proud of our efforts to bring Lifeline service to many low-income households who are qualified for Lifeline support but who previously were not benefitting from the program.

Rep. Higgins's concerns about our service are surprising and disappointing. First, Rep. Higgins never attempted to contact me or our company regarding those concerns. Had he done so, I would have been pleased to provide this information to him. Second, we have received letters of support for our Lifeline program from numerous Members of Congress, including several of Representative Higgins's fellow members of the New York Congressional delegation. Among those who have supported the SafeLink Wireless<sup>®</sup> program are Rep. Elliott Engel, Rep Anthony Weiner and former Senator Hillary Clinton.

Finally, I would welcome the opportunity to meet with you to further explain our Lifeline service, including the marketing of that service, and to address any questions you may have.

Best regards,



F.J. Pollak  
President and Chief Executive Officer

cc: Representative Brian Higgins