

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of: )  
)  
PETITION OF TRACFONE WIRELESS, INC. )  
FOR DESIGNATION AS AN ELIGIBLE )  
TELECOMMUNICATIONS CARRIER IN THE )  
COMMONWEALTH OF KENTUCKY FOR )  
THE LIMITED PURPOSE OF OFFERING )  
LIFELINE AND LINK UP SERVICE TO )  
QUALIFIED HOUSEHOLDS )  
HOUSEHOLDS )

CASE NO.  
2009-00100

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**PUBLIC SERVICE  
COMMISSION**

**TRACFONE WIRELESS, INC.'S PETITION TO AMEND ITS DESIGNATION AS  
AN ELIGIBLE TELECOMMUNICATIONS CARRIER TO RECEIVE KENTUCKY  
UNIVERSAL SERVICE SUPPORT FOR LIFELINE SERVICE**

TracFone Wireless, Inc. ("TracFone"), by its attorneys, hereby petitions the Commission to Amend Its Designation as an Eligible Telecommunications Carrier ("ETC") to include authorization to receive Kentucky Universal Fund ("USF") support for Lifeline service within the Commonwealth of Kentucky. TracFone was designated as an ETC by the Commission in 2010 and has been providing Lifeline service to qualifying Kentucky residents for six years. However, TracFone has not sought Kentucky USF support for Lifeline service. As explained in this Petition, TracFone will enhance its current Lifeline service offering to provide additional airtime minutes to qualifying Kentucky households based upon its receipt of Kentucky USF support. The Commission's grant of TracFone's Petition will serve the public interest by allowing TracFone to provide Kentucky low-income households with an enhanced Lifeline offering and increasing competition in the market for wireless Lifeline service.

TracFone is incorporated under the laws of the State of Delaware and is headquartered at Miami, Florida. Its corporate offices are located at 9700 N.W. 112th Avenue, Miami, Florida, 33178. TracFone is a reseller of commercial mobile radio service throughout the United States,

including the Commonwealth of Kentucky. TracFone is currently the nation's leading provider of prepaid wireless telecommunications services, and the fifth largest wireless carrier overall, with more than 25 million subscribers nationwide. TracFone provides resold wireless telecommunications service consisting of services obtained from licensed operators of wireless networks. TracFone has provided CMRS service throughout the Commonwealth of Kentucky continuously for more than fifteen years. In Kentucky, TracFone obtains service from the following underlying carriers: AT&T Wireless, T-Mobile, and Verizon Wireless. TracFone's arrangements with those providers enable it to offer services wherever any of those providers offer service in Kentucky.

On November 24, 2010, the Commission issued an Order in this proceeding designating TracFone as an ETC ("ETC Designation Order"). The ETC designation order was preceded by a September 23, 2010 Order in which the Commission stated that it would grant TracFone's ETC application if TracFone provided certain information about its service area and agreed to certain conditions, including offering additional airtime minutes to Lifeline customers at a rate of \$0.10 per minute or less. The Commission also noted in the September 23, 2010 Order that TracFone would not seek support from the Kentucky USF. As stated in the ETC Designation Order, TracFone agreed to the conditions in the September 23, 2010 Order and the Commission designated TracFone as an ETC in Kentucky "for the limited purpose of offering Lifeline ... Service to qualified low-income households, subject to continued compliance to all conditions stated above and as provided in the September 23, 2010 Order in this matter."

TracFone now seeks the Commission's authorization to obtain Kentucky USF funds so that it may provide an enhanced Lifeline service to qualifying low-income Kentucky households. The Kentucky USF provides ETCs with an additional \$3.50 per month per Lifeline customer

beyond the \$9.25 discount provided under the federal Lifeline program.<sup>1</sup> Wireless ETCs are eligible to seek Kentucky USF support. However, the Commission has not adopted a minimum number of minutes that must be provided to a consumer to receive Kentucky USF support.

TracFone, as a recipient of Kentucky USF support, would offer its current Kentucky Lifeline customers the option of choosing between the following two plans: (1) 750 airtime minutes and unlimited text messaging each month using their existing handset; or (2) 600 airtime minutes, unlimited text messaging and 500 MB of broadband data (Internet access) each month using a smartphone provided by the customer.<sup>2</sup> Current Lifeline customers who choose to upgrade from a voice-only plan to a bundled broadband data and voice plan will need to use their own smartphone and will receive an additional 500 MB of data, for a total of 1 GB of data, for the first three months for which they are Lifeline bundled data and voice customers. Those Lifeline customers will then receive 500 MB of data starting with the fourth month of service.

New Kentucky Lifeline customers will receive 600 airtime minutes, unlimited text messaging and 500 MB data. New customers will have the option of receiving a free Android smartphone from TracFone or using their own smartphone. Those new Lifeline customers who choose to use their own smartphone, like TracFone's current voice-only Lifeline customers who upgrade to a bundled plan with their own smartphone, will receive an additional 500 MB of broadband data, for a total of 1 GB of data, for the first three months for which they are TracFone Lifeline customers. Commencing with the fourth month of service, new Lifeline

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<sup>1</sup> See Administrative Case No. 360, *An Inquiry Into Universal Service Funding Issues* (Ky. PSC May 22, 1998).

<sup>2</sup> TracFone understands that the Kentucky Universal Service Fund may only be used to support voice telecommunications service. The 500 MB of broadband data provided to TracFone's Lifeline customers will be supported solely by the Federal USF in accordance with recently-promulgated Federal Communications Commission requirements. The additional \$3.50 from the Kentucky fund will support the additional voice minutes provided to Kentucky consumers above the quantity of minutes supported by the federal fund.

customers who bring their own smartphone will receive 500 MB of data. All customers, whether they are current voice-only customers or bundled data and voice customers, would receive 250 more minutes of wireless calling than would be available under the plans supported solely by the federal USF without Kentucky USF support.

As required by the FCC's recent Lifeline Modernization Order,<sup>3</sup> effective December 2, 2016, mobile voice providers must offer at least 500 voice minutes per month to qualify for voice-only federal Lifeline support and at least 500 MB of data to qualify for broadband federal Lifeline support.<sup>4</sup> TracFone's voice-only offering (which will be available only to current Lifeline customers) will provide an additional 250 minutes for Kentucky Lifeline subscribers, above the 500 minutes required by the FCC, to justify its receipt of Kentucky USF support.<sup>5</sup> TracFone's voice-only Lifeline service offering commencing December 2, 2016, like its current Lifeline service offering, will include unlimited texting, voicemail, caller ID, national long distance calling without toll charges, and no charges for roaming.

TracFone's bundled data and voice Lifeline offering (which will be available to (1) current voice-only Lifeline customers who upgrade to the bundled offering and bring their own smartphones and (2) new customers who will be provided with free smartphones which are Wi-Fi-capable and capable of being used as Wi-Fi hotspots or who choose to bring their own smartphones) will provide Kentucky Lifeline subscribers with an additional 250 minutes above

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<sup>3</sup> See In the Matter of Lifeline and Linkup Reform and Modernization et al., Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd 3962 (2016) ("Lifeline Modernization Order").

<sup>4</sup> See id. ¶ 64; 47 C.F.R. § 54.408(b)(2) and (3).

<sup>5</sup> The minimum monthly minutes for voice-only Lifeline service increases to 750 minutes on December 1, 2017 and to 1,000 minutes on December 1, 2018. See id. As the FCC's monthly minimum standards increase over time, TracFone plans to continue providing qualifying Kentucky Lifeline subscribers who receive the voice-only service with an additional 250 airtime minutes above the minimum number of airtime minutes required by the FCC.

the voice minutes that TracFone provides with its bundled data and voice service in other states with only federal support in order to ensure that Kentucky Lifeline customers receive the full benefit of the additional support from Kentucky USF.<sup>6</sup> TracFone's standard bundled data and voice Lifeline service includes 350 voice minutes and 500 MB of data each month in all states where TracFone does not receive state USF support. The voice portion of TracFone's bundled data and voice Lifeline service offering commencing December 2, 2016, will include unlimited texting, voicemail, caller ID, national long distance calling without toll charges, and no charges for roaming.

Expansion of TracFone's designation as an ETC will enable it to provide enhanced Lifeline benefits to Kentucky Lifeline customers. That expanded support will provide a valuable alternative to the existing Lifeline services available to low-income Kentucky households. Specifically, TracFone's receipt of Kentucky USF support will benefit consumers by increasing the number of wireless Lifeline providers able to use the additional USF support to offer enhanced Lifeline service. These additional minutes will better enable Lifeline customers to obtain calling capacity sufficient to meet all their telecommunications requirements. Kentucky Lifeline consumers will have more minutes to contact (or be contacted by) current and prospective employers, health care providers, government services, and most importantly, to remain in contact with family members and friends.

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<sup>6</sup> The minimum monthly service standard for mobile broadband Lifeline service increases to 1 GB on December 1, 2017, to 2 GB on December 1, 2018, and to an amount to be calculated in accordance with the FCC's rules on and after December 1, 2019. See 47 C.F.R. § 54.408(b). As the FCC's monthly minimum service standard increases over time, TracFone plans to continue providing qualifying Kentucky Lifeline subscribers who receive the bundled data and voice service with an additional 250 airtime minutes above the number of airtime minutes that TracFone provides to Lifeline customers in states where TracFone does not receive additional state USF support.

Kentucky Lifeline households overwhelmingly choose wireless Lifeline service over wireline Lifeline service. In August 2016, 50 percent of all ETCs receiving federal USF support in Kentucky were wireless carriers. However, those wireless carriers received over 93 percent of the federal USF support distributed to Kentucky carriers that month.<sup>7</sup> Those data demonstrate the large -- and growing -- demand by low-income Kentucky households for wireless Lifeline services. Low-income Kentucky residents would benefit from increased competition within the Lifeline service market. Increased competition leads to additional consumer choices and delivery of greater value to consumers. If the Commission authorizes TracFone to receive Kentucky USF support, then TracFone will be able to deliver enhanced service choices and greater value to qualifying Kentucky households as described in this petition.

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<sup>7</sup> See LI03 Eligible Telecommunications Carriers - 3Q2016.xlsx and LI04 Quarterly Low Income Disbursement Amounts by Company - 3Q2016.xlsx, available at <http://www.usac.org/about/tools/fcc/filings/2017/q1.aspx>.

**CONCLUSION**

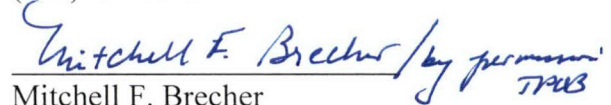
Based on the foregoing, TracFone requests that the Kentucky Public Service Commission promptly grant its Application to amend its designation as an ETC to include approval to receive Kentucky USF support for Lifeline service provided to its Kentucky Lifeline customers.

Respectfully submitted,

**TRACFONE WIRELESS, INC.**



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