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July 10, 2019

Ms. Gwen R. Pinson  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

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JUL 11 2019

PUBLIC SERVICE  
COMMISSION

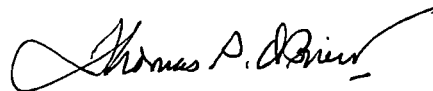
**In Re: Petition of TracFone Wireless, Inc. to Amend its Designation as an Eligible  
Telecommunications Carrier to Receive Kentucky Universal Service  
Support for Lifeline Service,  
Case No. 2019-00185**

Dear Ms. Pinson:

Please find enclosed for filing with the Commission in the above-referenced case an original and six (6) copies of TracFone Wireless, Inc.'s Updated Petition to Amend its Designation as an Eligible Telecommunications Carrier to Receive Kentucky Universal Service Support for Lifeline Service.

Should you have any question or need further information, please contact me.

Very truly yours,



Thomas P. O'Brien III

Enclosure

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PUBLIC SERVICE  
COMMISSION

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

In the Matter of:	)	
	)	
PETITION OF TRACFONE WIRELESS, INC.	)	CASE NO.
TO AMEND ITS DESIGNATION AS AN	)	2019-00185
ELIGIBLE TELECOMMUNICATIONS	)	
CARRIER TO RECEIVE KENTUCKY	)	
UNIVERSAL SERVICE SUPPORT FOR	)	
LIFELINE SERVICE	)	

**TRACFONE WIRELESS, INC.’S UPDATED 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 files with the Commission an updated petition to amend its designation as an Eligible Telecommunications Carrier (“ETC”) to include authorization to receive Kentucky Universal Fund (“KUSF”) support for Lifeline service within the Commonwealth of Kentucky. TracFone makes this filing in response to the Commission’s June 11, 2019 Order (“June 11, 2019 Order”) issued in the above-captioned case in which the Commission opened this docket and requested that TracFone update its previously filed petition to be certified to receive KUSF support.<sup>1</sup> This updated petition replaces and supersedes TracFone’s petition for authority to receive KUSF support filed in Case No. 2009-00100 on November 22, 2016.<sup>2</sup>

<sup>1</sup> See Case No. 2019-00185, *Petition of TracFone Wireless, Inc. to Amend its Designation as an Eligible Telecommunications Carrier to Receive Kentucky Universal Service Support for Lifeline Service*, Order (June 11, 2019).

<sup>2</sup> See Case No. 2009-00100, *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*, Petition to Amend Designation (November 22, 2016).

## INTRODUCTION

TracFone was designated as an ETC by the Commission in 2010, pursuant to Section 214(e)(2) of the Communications Act of 1934, as amended,<sup>3</sup> and has been providing Lifeline service to qualifying Kentucky residents supported by the federal Universal Service Fund (“Federal USF”) for over eight years. However, TracFone did not seek KUSF support for Lifeline service at the time it filed its request for designation as an ETC. As noted above, in November 2016, TracFone petitioned the Commission to amend its ETC designation to permit TracFone to receive KUSF support for an enhanced Lifeline service to be provided to qualifying low-income Lifeline-eligible Kentucky households. There is no legal prohibition on wireless carriers being eligible to receive KUSF support for Lifeline service. Indeed, other wireless Lifeline providers already have been approved by the Commission to receive KUSF support and are currently receiving such support.

On March 10, 2017 (“March 10, 2017 Order”), the Commission determined that after April 30, 2017, support from the KUSF would cease to be available to low-income consumers of wireless Lifeline service providers; and would be limited to those Kentucky low-income households who elected to receive Lifeline service from landline Lifeline service providers.<sup>4</sup> One month later, on April 20, 2017, the Commission issued an Order staying enforcement of the March 10, 2017 Order so that the Commission could consider the impact of a change to KRS 278.5435 that eliminated the Commission’s regulatory jurisdiction over basic landline local

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<sup>3</sup> 47 U.S.C. § 214(e)(2).

<sup>4</sup> Case No. 2016-00059, *An Inquiry into the State Universal Service Fund*, Order (March 10, 2017).

exchange service.<sup>5</sup> Since April 20, 2017, the Commission has not processed any pending petitions from wireless Lifeline providers seeking KUSF support, including TracFone's petition.

In the June 11, 2019 Order issued in this proceeding, the Commission stated that it would now consider TracFone's petition for KUSF support, but asked TracFone to update its petition in this new docket. The Commission explained that it was ready to process TracFone's request for KUSF support given the Commission's recent decision, on May 20, 2019 ("May 20, 2019 Order"), to seek comments on whether it should reconsider the March 10, 2017 Order, which limited KUSF support to landline ETCs.<sup>6</sup> TracFone filed comments in response to the May 20, 2019 Order, in which it addressed the reasons why there is no need or public interest benefit to limiting KUSF support to rural landline telephone companies. TracFone also explained that a Commission regulation or policy limiting KUSF Lifeline support to landline providers and excluding wireless Lifeline-supported service would violate Section 254(f) of the Communications Act of 1934, as amended (47 U.S.C. § 254(f)), because such a restriction would be inconsistent with the federal universal service program which allows wireless and landline carriers to participate.<sup>7</sup>

As requested by the Commission, TracFone hereby submits this updated Petition requesting the Commission's approval to receive KUSF support for Lifeline service provided to eligible low-income Kentuckians. As explained in this updated Petition, TracFone will use that KUSF support to substantially enhance its current Lifeline service offerings. Specifically, TracFone will use KUSF support to provide additional airtime voice minutes to qualifying low-income Kentucky households. The Commission's grant of TracFone's Petition will serve the

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<sup>5</sup> See *id.*, Order (April 20, 2017).

<sup>6</sup> See *id.*, Order (May 20, 2019).

<sup>7</sup> See *id.*, TracFone Wireless, Inc.'s Comments (June 19, 2019).

public interest by allowing TracFone to provide Kentucky low-income households with an enhanced Lifeline offering and increasing competition in the market for Lifeline service.<sup>8</sup>

**THE COMMISSION SHOULD AMEND TRACFONE’S ETC DESIGNATION  
TO INCLUDE APPROVAL TO RECEIVE KUSF SUPPORT**

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 (“CMRS”) 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 21 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 almost twenty years. In Kentucky, TracFone obtains service from the following underlying carriers: AT&T Wireless, Bluegrass Cellular, Sprint, T-Mobile, and Verizon Wireless. TracFone’s arrangements with those providers enable it to offer services wherever any of those providers offer wireless service in Kentucky.

On November 24, 2010, the Commission issued an Order designating TracFone as an ETC (“ETC Designation Order”).<sup>9</sup> The ETC Designation Order was preceded by an Order dated September 23, 2010 (“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

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<sup>8</sup> In its May 20, 2019 Order, the Commission proposes to limit KUSF support to voice services for both wireline and wireless carriers. See May 20, 2019 Order, at 4. TracFone’s proposal herein to provide enhanced Lifeline service upon receipt of KUSF support is consistent with that voice-only support proposal.

<sup>9</sup> See Case No. 2009-00100, Order (November 24, 2011) (“ETC Designation Order”).

customers at a rate of \$0.10 per minute or less.<sup>10</sup> 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 with all conditions stated above and as provided in the September 23, 2010 Order in this matter.” Since its designation as an ETC, TracFone has complied with all requirements upon which its ETC designation was conditioned.

TracFone now requests the Commission’s authorization to utilize KUSF funds in order to provide an enhanced Lifeline service to qualifying low-income Kentucky households. The KUSF provides ETCs with up to an additional \$3.50 per month per Lifeline customer beyond the \$9.25 monthly Lifeline benefit provided under the federal Lifeline program.<sup>11</sup> TracFone, as a recipient of KUSF support, would offer enhanced Lifeline service to qualifying low-income Kentucky residents under its SafeLink Wireless® and Walmart Family Mobile® brands. If this updated Petition is approved and TracFone is allowed to receive funds from the KUSF, it will use the \$3.50 per customer per month in state support to provide every Kentucky consumer enrolled in its SafeLink Wireless® Lifeline service with an additional 350 minutes per month in wireless voice service airtime above the amount customers receive under the federal Lifeline program, and to provide an increased \$3.50 monthly discount to customers enrolled in the Walmart Family Mobile® Financial Assistance Program.

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<sup>10</sup> *See id.*, Order (September 23, 2010).

<sup>11</sup> *See* Administrative Case No. 360, *An Inquiry into Universal Service Funding Issues* (May 22, 1998).

### **SafeLink Wireless® Lifeline Service**

TracFone, as a recipient of KUSF support, will offer its current Kentucky Lifeline customers the option of choosing between the following two plans: (1) 1,350 airtime minutes, unlimited text messaging, and 1 GB of mobile broadband data each month; or (2) 700 airtime minutes, unlimited text messaging, and 2 GB of mobile broadband data each month. The mobile broadband data service under both plans will be offered at a minimum of 3G speed, and therefore, will meet the Lifeline minimum service standards promulgated by the Federal Communications Commission.<sup>12</sup> The voice portion of the bundled plans will include unlimited text messages, voicemail, caller ID, national long distance calling without toll charges, and no charges for roaming. New SafeLink Wireless® Lifeline customers have the option of receiving a free Android smartphone from TracFone that is Wi-Fi-capable, or using their own smartphone. Those SafeLink Wireless® customers who provide their own smartphone will receive an additional 500 MB of mobile broadband data service, for a total of 1.5 GB of mobile broadband data service or 2.5 GB (depending on the Lifeline plan chosen by the customer), for the first three months for which they are Lifeline bundled data and voice customers. Those Lifeline customers will then receive the amount of mobile broadband data service provided in the plans set forth above (either 1 GB or 2 GB) starting with the fourth month of service.

As required by the FCC's 2016 Lifeline Modernization Order,<sup>13</sup> Lifeline service providers must meet one of the following monthly minimum service standards for bundled voice and mobile broadband data service to qualify for Federal USF support starting December 1,

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<sup>12</sup> 47 C.F.R. § 54.408.

<sup>13</sup> See *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).

2018: 1,000 voice minutes or 2 GB of mobile broadband data.<sup>14</sup> TracFone currently offers its Kentucky Lifeline customers (as well as all of its Lifeline customers for whom TracFone receives only Federal USF support of \$9.25 per month) the option of choosing between the following two plans: (1) 1,000 airtime minutes, unlimited text messaging, and 1 GB of mobile broadband data service each month; or (2) 350 airtime minutes, unlimited text messaging, and 2 GB of mobile broadband data service each month. Therefore, under the enhanced bundled mobile broadband data and voice plans proposed herein for Kentucky, TracFone's Kentucky SafeLink Wireless<sup>®</sup> Lifeline consumers will receive an additional 350 minutes per month in voice airtime above the number of minutes that would be available under its Kentucky plans supported solely by the Federal USF without KUSF support. TracFone's provision of an additional 350 voice minutes in its bundled voice and mobile broadband data service will ensure that TracFone's Kentucky Lifeline customers will receive the full benefit of the additional support from the KUSF. Moreover, based upon publicly-available information, no Lifeline provider in Kentucky, including those wireless providers already receiving KUSF support, offer Lifeline plans which even comes close to providing Lifeline service with comparable value.<sup>15</sup>

### **Walmart Family Mobile<sup>®</sup> Financial Assistance Lifeline Program**

TracFone also offers Lifeline-eligible Kentucky households a TracFone Wireless Financial Assistance Program funded by the Federal USF. The Financial Assistance Program is available to customers who purchase a Walmart Family Mobile<sup>®</sup> plan that meets the federal

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<sup>14</sup> See *id.* ¶ 64; 47 C.F.R. § 54.408(b)(2) and (3); see also 47 C.F.R. § 54.403.

<sup>15</sup> For example, i-wireless LLC doing business as Access Wireless, a wireless carrier currently receiving KUSF support, offers the following plan options to its Kentucky Lifeline customers: (1) 1,250 airtime minutes, unlimited text messaging, and 50 MB of mobile broadband data each month or (2) 250 airtime minutes, unlimited text messaging, and 2 GB of mobile broadband data each month. See <https://www.accesswireless.com/lifeline/state?zipcode=40601>.



minimum service standards for Lifeline set forth in 47 U.S.C. § 54.408. Customers who qualify for the Financial Assistance Program currently receive a discount of \$9.25 per month to reduce the cost of their Walmart Family Mobile® monthly service. However, upon the Commission's approval of TracFone's request to receive KUSF support, TracFone will increase the amount of the discount by \$3.50 so that the total discount on any qualifying Walmart Family Mobile® plan will be \$12.75 (\$9.25 + \$3.50).

TracFone currently offers the following Walmart Family Mobile® plans, each of which meets the federal minimum service standards:

- Unlimited Talk, Text & Data (First 2 GB up to 4G LTE speed, then 2G speed) for \$24.88.
- Unlimited Talk, Text & Data (First 4 GB up to 4G LTE speed, then 2G speed) for \$29.88.
- Unlimited Talk, Text & Data (First 14 GB up to 4G LTE speed, then 2G speed) for \$39.88.
- Unlimited Talk, Text & Data (at 4G LTE speed) for \$49.88.

Those customers who qualify for the Financial Assistance Program will receive a \$12.75 discount below the retail prices listed above if the Commission authorizes TracFone to receive KUSF support at the \$3.50 per subscriber per month level.

### **PUBLIC INTEREST CONSIDERATIONS**

Expansion of TracFone's designation as an ETC to include KUSF support will serve the public interest by enabling TracFone to provide substantially enhanced Lifeline benefits to Kentucky Lifeline consumers. Those enhanced Lifeline benefits will provide a valuable alternative to the existing Lifeline services available to low-income Lifeline-eligible Kentucky households. Specifically, TracFone's receipt of KUSF support will benefit low-income Kentucky consumers by increasing the number of Lifeline providers able to use the additional

KUSF support to offer enhanced Lifeline service. TracFone's offer of additional airtime minutes to SafeLink Wireless® customers and additional KUSF-supported discounts to Financial Assistance Program customers will better enable those customers to obtain sufficient calling capacity to meet all their telecommunications requirements. Kentucky Lifeline consumers will have available more wireless airtime 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. Similarly, TracFone's enhanced Lifeline offerings will enable consumers to choose the bundled mobile broadband data and voice plan that best meets their needs while making the cost of such plans significantly more affordable.<sup>16</sup> No other Lifeline provider operating in Kentucky offers consumers choices which include no charge Lifeline services such as the SafeLink Wireless® program, and plans which include discounts on paid services such as the Walmart Family Mobile® Financial Assistance Program plans.

Kentucky Lifeline households overwhelmingly prefer wireless Lifeline service over landline Lifeline service. During the period of January through March 2019, 46.5 percent of all ETCs receiving Federal USF support in Kentucky were wireless carriers. However, those wireless carriers received over 94 percent of the Federal USF support distributed to Kentucky carriers those months.<sup>17</sup> Those data demonstrate the large -- and growing -- demand by low-income Kentucky households for wireless Lifeline services. Low-income Kentucky residents

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<sup>16</sup> As explained at note 8 above, under TracFone's proposal, the entire KUSF support would be used to fund the additional voice service. The broadband portions of TracFone's enhanced Lifeline offerings would be supported by the Federal USF.

<sup>17</sup> See LI05 Annual Low Income Support Claimed by State and Company January 2016 through March 2019.xlsx, available at <http://www.usac.org/about/tools/fcc/filings/2019/q3.aspx>.

will 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 deliver enhanced service choices and greater value to qualifying Kentucky households as described in this updated petition.

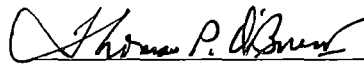
### CONCLUSION

Based on the foregoing, TracFone requests that the Kentucky Public Service Commission promptly grant its Petition to amend its designation as an ETC to include approval to receive Kentucky USF support for Lifeline service provided to low-income Lifeline-eligible Kentucky households.

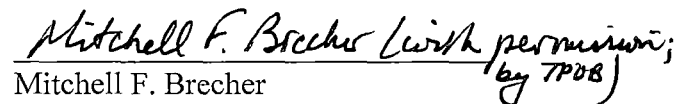
July 11, 2019

Respectfully submitted,

**TRACFONE WIRELESS, INC.**



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