

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of Lifeline and Link Up Reform and) WC Docket No. 11-42
Modernization)
)
)

**TRACFONE WIRELESS, INC.’S SECOND SUPPLEMENT TO APPLICATION TO
PARTICIPATE IN THE BROADBAND ADOPTION LIFELINE PILOT PROGRAM**

On July 2, 2012, TracFone Wireless, Inc. (“TracFone”) submitted an application (“Application”) to participate in the Broadband Adoption Lifeline Pilot Program (“Pilot Program”) in response to the Public Notice issued by the Commission’s Wireline Competition Bureau in the above-captioned proceeding.¹ TracFone’s Application focused on providing existing Lifeline customers with a handset that can use broadband services. By this filing, TracFone provides the Commission with supplemental information regarding certain aspects of its Application in response to questions from Commission Staff.²

(B) A full description of the proposed pilot project(s), including but not limited to:

- 4. The amount of the monthly discount, if any, the ETC is seeking for each broadband plan included within the proposed project and the resulting cost to subscribers for the broadband service, the duration of the monthly subsidies the ETC is seeking, and all other terms and conditions of service (the ETC must provide specific details of all of the subsidized broadband offerings it intends to offer subscribers in the pilot project, including the different options of bundled services and/or standalone broadband and offerings with different usage limits or speed);**

¹ Public Notice – Wireline Competition Bureau Announces Application Procedures and Deadline for Applications to participate in the Broadband Adoption Lifeline Pilot Program, WC Docket No. 11-42, DA 12-683 (April 30, 2012) (“Notice”).

² During a teleconference on September 20, 2012, Commission Staff requested that TracFone provide additional information regarding its Application. TracFone filed a Notice of Ex Parte Presentation with the Commission on September 20, 2012 in accordance with 47 C.F.R. § 1.1206. In this Supplement, TracFone refers to the application requirements as set forth in the Notice and as addressed in TracFone’s Application filed on July 2, 2012.

TracFone described five different service plans in its Application consisting of four test plans and one control plan. In its First Supplement to Application, filed August 27, 2012, TracFone described a sixth service plan that incorporates digital literacy training. By this Supplement, TracFone revises the terms of its proposed service plans. The six plans are described as follows:

- A. **Free Phone, \$10 Service:** TracFone will provide consumers a free phone and monthly service for \$10 per month. TracFone will bill USAC \$35 per month for service.
- B. **Free Phone, \$20 Service:** TracFone will provide consumers a free phone and monthly service for \$20 per month. TracFone will bill USAC \$25 per month for service.
- C. **Discounted Phone, \$10 Service:** TracFone will offer consumers an Android phone at the subsidized retail prices available to its NET10 customers (approximately \$120). TracFone will provide consumers with monthly service for \$10 per month. TracFone will bill USAC \$35 per month for service.
- D. **Discounted Phone, \$20 Service:** TracFone will offer consumers an Android phone at the subsidized retail prices available to its NET10 customers (approximately \$120). TracFone will provide consumers with monthly service for \$20 per month. TracFone will bill USAC \$25 per month for service.
- E. **Free Phone, \$10 Service with Digital Literacy Training:** After consumers attend digital literacy training, TracFone will provide consumers with a free phone and monthly service for \$10 per month. TracFone will bill USAC \$35 per month for service.
- F. **Control Group - Discounted Phone, Paid Service:** TracFone will offer consumers an Android phone at the subsidized retail prices available to its NET10 customers (approximately \$120). TracFone will provide consumers with monthly service for \$45 per month, if they sign up for automatic payment. Customers who do not sign up for automatic payment will be charged \$50 per month. TracFone will not bill USAC for this service, since it is TracFone's non-Lifeline retail NET10 offer that any customer can purchase.

7. The project's proposed overall funding amount with details on the number of customers it is estimated to serve, with underlying assumptions;

As noted in its supplemental response to Question B.4, TracFone has revised the terms of its proposed service plans. As TracFone explained in its Application and First Supplement, it will be offering each of the service plans (except for the service plan that includes digital literacy training) to 5,000 customers. The service plan that incorporates digital literacy training is limited to 300 participants and does not include a take rate. Based on its assumptions regarding the take rate for each broadband service plan, TracFone is looking to provide service to approximately 3,600 customers (including the 300 digital literacy training participants) during the Pilot Program. The proposed funding amount is detailed as follows:

- A. Free Phone, \$10 Service (30% take rate): $1,500 \text{ customers} \times \$35 = \$52,500 \times 12 \text{ months} = \$630,000$.
- B. Free Phone, \$20 Service (20% take rate): $1,000 \text{ customers} \times \$25 = \$25,000 \times 12 \text{ months} = \$300,000$.
- C. Discounted Phone, \$10 Service (10% take rate): $500 \text{ customers} \times \$35 = \$17,500 \times 12 \text{ months} = \$210,000$.
- D. Discounted Phone, \$20 Service (5% take rate): $250 \text{ customers} \times \$25 = \$6,250 \times 12 \text{ months} = \$75,000$.
- E. Free Phone, \$10 Service with Digital Literacy Training: $300 \text{ customers} \times \$35 = \$10,500 \times 12 \text{ months} = \$126,000$.
- F. Control Group - Discounted Phone, Paid Service (1% take rate): $50 \text{ customers} \times \$0 = \$0 \times 12 \text{ months} = \0 .

TOTAL: \$1,341,000

TracFone will only charge USAC for customers' monthly service.³

³ The broadband service plans proposed in this application are solely for purposes of the Pilot Program. TracFone has no plans at this time to offer a broadband service plan that includes a free handset on a long term basis.

CONCLUSION

Based on the information provided in the Application, the First Supplement, and the Second Supplement, TracFone respectfully asks the Commission to approve TracFone as a participant in the Broadband Pilot Program.

Respectfully submitted,

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