



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

August 11, 2010

The Honorable Brian Higgins
U.S. House of Representatives
431 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Higgins:

I appreciate knowing of your concerns about promotional materials distributed by TracFone Wireless and whether or not this company's use of Lifeline funds is within the parameters of the Universal Service Fund (USF). I share your concern that the tone and tenor of the TracFone commercials may have trivialized an important government program. Lifeline is just that – an essential safeguard for our most vulnerable consumers.

The Universal Service Fund's Lifeline and Link Up programs ensure that more than seven million low-income consumers receive access to basic, local telephone service. The underlying premise of the Universal Service Fund is that all Americans should have affordable communications services, whether to reach 9-1-1 assistance in an emergency, to obtain critical social resources, or to maintain contact with family and support mechanisms. Under current law, interstate telecommunications carriers are required to contribute to USF and they are permitted to pass this cost on to customers.

Lifeline provides TracFone with funding to permit eligible low-income consumers to receive discounts on prepaid wireless service through the company's SafeLink service. The Commission examined and approved TracFone's proposal because of the changing habits of consumers, many of whom no longer rely on traditional landline phone service as their primary means of communications. The Commission's *Order* hinged on TracFone's verification that its customers would receive only one Lifeline discount per household, as well as other limitations. The Universal Service Administrative Company will monitor TracFone's distribution of Lifeline funds to ensure strict compliance with the FCC's regulations.

I am enclosing the Commission's *Order* approving TracFone's universal service applications so that you can see first hand the stringent safeguards that we placed on this company's use of funds. I appreciate your interest in this important matter and please contact me again if I can be of further assistance.

Sincerely,

Julius Genachowski

Enclosure