

### Breakdown of TracFone's Lifeline Support

TracFone commits to provide monthly benefits valued at \$13.00, or 65 minutes of voice service in Washington. TracFone will be eligible to receive Tier One through Tier Three Lifeline support from the federal low-income universal service support. Federal Tier One support is determined by incumbent local exchange carriers' (ILECs) subscriber line charges (SLC). Therefore it can vary across an ILEC's service territory. TracFone proposes to provide additional support in order to qualify for federal Tier Three support, which is one half of the additional support provided by states or carriers and up to \$1.75. The company's additional support will vary across different ILECs' service territories in order to make the total value of \$13.00. An illustration is provided in the following table.

On May 4, 2009, TracFone submitted a petition to the FCC for waiver of 47 C.F.R. §54.403(a)(1). Currently, Tier One Lifeline support provides an offset of an ILEC's subscriber line charge (SLC). SLC is capped at \$6.50. Some ILECs charge under \$6.50. TracFone requested the FCC to allow it to receive the maximum amount of \$6.50 per month in all service areas, regardless of the actual SLC any particular ILEC charges, provided that TracFone pass through to its Lifeline customers the full amount of Lifeline support it receives and that it provides its Lifeline customers with an additional monthly Lifeline benefit of not less than \$3.50. The petition is currently pending. If TracFone's petition was approved, each eligible household may get a maximum of \$13.50. The third column in the following table reflects the potential scenario.

### Breakdown of TracFone's Monthly Low-Income Support

|  | Qwest Service Area | Verizon Service Area | If FCC approves TracFone's Petition for a fixed \$6.50 Tier One Support |
|--|--------------------|----------------------|---|
| Federal Tier One support                           | \$5.84             | \$6.50               | \$6.50  |
| Federal Tier Two support                           | \$1.75             | \$1.75               | \$1.75  |
| Federal Tier Three support                         | \$1.75             | \$1.58               | \$1.75  |
| <b>Total Federal Support</b>                       | <b>\$9.34</b>      | <b>\$9.83</b>        | <b>\$10.00</b>  |
| TracFone's additional support                      | \$3.66             | \$3.17               | \$3.50  |
| Total Credits Available for Each SafeLink Customer | \$13.00            | \$13.00              | \$13.50   |

TracFone states in its response to staff's question that it will provide Lifeline service to residents of tribal lands in the same matter to regular Lifeline customers. However, it will not seek Tier Four Support from the universal service fund, as defined in 47 C.F.R. §54.403(a)(4).