

United States Senate
WASHINGTON, DC 20510

July 21, 2021

The Honorable Jessica Rosenworcel
Acting Chairwoman
Federal Communications Commission
45 L Street NE
Washington, D.C. 20554

Dear Acting Chairwoman Rosenworcel,

We write to urge the Federal Communications Commission (FCC) to thoroughly review Verizon's proposed acquisition of TracFone and take steps to ensure that the transaction would not raise prices for consumers, harm the Commission's universal services programs, or undermine workers.

Under the proposed \$6.9 billion transaction, one of the largest facilities-based carriers, Verizon, would acquire the largest independent mobile virtual network operator (MVNO), TracFone.¹ We share the concerns of states Attorneys General, public interest organizations, and other carriers that the proposed transaction could result in increases in costs, reductions in competition, or diminished service offerings for consumers.² We are particularly concerned about the risk that the proposed transaction could pose to the FCC's Lifeline program and the tens of millions of low-income households that depend on affordable prepaid mobile phones.

Currently, Lifeline provides 9.1 million Americans with essential connections by providing free or discounted broadband and voice services. The COVID-19 pandemic – which has led to unprecedented telework, distance education, online employment, telehealth, and hardship – has vividly demonstrated the importance of Lifeline as broadband became essential to social and economic life. Recognizing this urgent need as schools and workplaces closed, the FCC took steps to keep Lifeline subscribers connected and Congress built on the Lifeline program to provide further relief to families.³

¹ Verizon, "Verizon to acquire TracFone Wireless, Inc.," press release, September 14, 2020, <https://www.verizon.com/about/news/verizon-to-acquire-tracfone>; market share as noted in Federal Communications Commission, "2020 Communications Marketplace Report," <https://docs.fcc.gov/public/attachments/FCC-20-188A1.pdf> (accessed July 19, 2021).

² Mark Herring to Federal Communications Commission, February 4, 2021, https://portal.ct.gov/-/media/AG/Press_Releases/2019/AG-Ltr---File-No-ITC-T-C-20200930-00173.pdf (accessed July 19, 2021).

³ Federal Communications Commission, "Lifeline and Link Up Reform and Modernization," <https://www.fcc.gov/document/wcb-extends-covid-related-lifeline-program-waivers-through-feb-2021> (accessed July 19, 2021); "Emergency Broadband Benefit," *Federal Communications Commission* (Washington, D.C.), <https://www.fcc.gov/broadbandbenefit> (accessed July 19, 2021).

TracFone has become synonymous with Lifeline and affordable phones for many vulnerable Americans, supporting 1.7 million Lifeline subscribers in 43 states and approximately 21 million customers overall.⁴ TracFone offers Lifeline services at no cost to eligible subscribers under its SafeLink Wireless brand, a business plan that other operators often avoid because it is not as lucrative as higher cost plans. As the largest Lifeline operator, TracFone's importance to the program cannot be overstated: when larger carriers scaled back their Lifeline offerings, TracFone became all the more essential as a reliable Lifeline partner.

As importantly, during this time of economic hardship, TracFone has built a successful business catering to subscribers who are particularly focused on their budget, unable to register for postpaid plans, or face other hurdles to getting a phone. Verizon's proposed acquisition could impact whether those households continue to have the opportunity and security provided by a telephone and internet access. As it reviews this transaction, the FCC must be especially vigilant to protecting these consumers from rising costs or declining services.

We are concerned that Verizon does not have a sufficient record on supporting Lifeline for its current wireless services and has provided few enforceable commitments to the FCC within the proposed TracFone transaction. While we note Verizon's stated goal of maintaining these services, Verizon would have significant incentives and opportunities to push subscribers from Lifeline and inexpensive prepaid services to higher revenue plans. History has shown that positive pledges and good intentions without binding commitments has been insufficient to protect consumers and workers.⁵

As Public Knowledge and others have noted, wireless providers are in the middle of an important transition between generations of networks, enabling 5G as they disable 3G services. In the past, such transitions have been used by operators to squeeze consumers and move them off plans, including cutting Lifeline services.⁶ Moreover, public interest organizations have routinely raised concerns that operators do not sufficiently advertise Lifeline services compared to more profitable plans, resulting in consumers not being aware of subsidized or budget-friendly alternatives. If Verizon failed to advertise and promote its Lifeline product as aggressively as TracFone has as a standalone company, the transaction could add to the unfortunate decline in Lifeline adoption. The need for the FCC to rigorously scrutinize this transaction is further heightened by the declining competition in the wireless market and the stagnating set of options for Lifeline eligible households created by recent mergers and acquisitions.

During this time of rising inequality and hardship, it is important that the FCC secures long-term and enforceable commitments to ensure that Lifeline and budget plans remain accessible, competitive, and responsive to the needs of consumers. The FCC was tasked by Congress to protect the public interest and needs of consumers in its consideration of

⁴ Verizon, "Verizon to acquire TracFone Wireless."

⁵ Iain Morris, "Despite pledge, T-Mobile has cut 5K jobs since Spring Merger," *LightReading*, March 1, 2021, <https://www.lightreading.com/aiautomation/despite-pledge-t-mobile-has-cut-5k-jobs-since-sprint-merger/d/d-id/767735>.

⁶ Mike Dano, "AT&T's Cricket to discontinue Lifeline support," *FierceWireless*, June 4, 2021, <https://www.fiercewireless.com/wireless/at-t-s-cricket-to-discontinue-lifeline-support>.

communications transactions.⁷ We urge the Commission to carefully and cautiously consider the impact of the proposed transaction on the tens of millions of TracFone subscribers, who all depend on a competitive wireless market. In particular, we encourage the FCC to consider long-term, binding commitments to protect Lifeline subscribers and ensure affordable services, including:

- 1.) Requiring participation in the Lifeline program with at least the same level of geographic and service offerings as TracFone currently provides.
- 2.) Making 5G networks and equipment available to Lifeline and prepaid customers on the same basis and same timetable as made available to Verizon's post-paid customers.
- 3.) Maintaining the existing packages of TracFone subscribers, including Lifeline products.
- 4.) Marketing to, and providing customer services for, Lifeline and prepaid customers, including non-English speaking customers, at least at the same level as TracFone provides today.
- 5.) Ensuring that Verizon and TracFone employees are not harmed as a result of cost-cutting measures as the companies consolidate operations.

Thank you for your consideration of this matter.

/s/ Richard Blumenthal

RICHARD BLUMENTHAL
United States Senate

/s/ Sheldon Whitehouse

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/s/ Dianne Feinstein

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/s/ Edward J. Markey

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⁷ Jon Sallet, "FCC Transaction Review: Competition and the Public Interest," Federal Communications Commission (Washington, D.C.), August 12, 2014, <https://www.fcc.gov/news-events/blog/2014/08/12/fcc-transaction-review-competition-and-public-interest>.