March 5, 2021

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
45 L Street, NE
Washington, DC 20554

Re: *Application for Consent to Transfer Control of International Section 214 Authorization*, File No. ITC-T/C-20200930-00173

Dear Ms. Dortch:

On March 3, 2021, representatives of Verizon (Will Johnson, together with Adam Krinsky of Wilkinson Barker Knauer, LLP) and TracFone and its parent América Móvil (Daniel Alvarez of Willkie Farr & Gallagher LLP) met via video conference with Ethan Lucarelli of Acting Chairwoman Jessica Rosenworcel's office to discuss Verizon's acquisition of TracFone and the associated application before the FCC to transfer TracFone's single international Section 214 authorization.[1]

TracFone possesses no spectrum licenses, and the vast majority of its customers already ride on Verizon's network by virtue of TracFone's long-standing wholesale arrangement with Verizon. Career staff at the Department of Justice promptly completed their review of the transaction last fall, finding no competitive concerns. We urged the Commission to promptly complete its review as well to swiftly bring value-conscious consumers the benefits that will flow from having a stronger, facilities-based competitor focused on the prepaid market segment.

Overall, this transaction will bring Verizon's resources to value-conscious consumers at a time when it has never been more important for all Americans to have access to the benefits of connectivity. Verizon will heavily invest in TracFone and is committed to ensuring that TracFone customers benefit from the best of both worlds – more choices, better services and new features, along with the same flexibility and control they value with TracFone's pre-paid plans. The combined Verizon/TracFone will offer better pre-paid options than a standalone TracFone

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[1] *See* Application for Consent to Transfer Control of International Section 214 Authorization, IBFS File No. ITC-T/C-20200930-00173 (filed Sept. 30, 2020).

can make available including more expansive device lineups, 5G and home internet offerings, and international roaming options.

This will make TracFone a stronger competitor. In recent years, TracFone has lost nearly 20 percent of its customers even as the pre-paid "flanker" brands of T-Mobile and AT&T – Metro and Cricket, respectively – have *doubled* their subscriber numbers. Verizon is making this purchase because it is committed to competing vigorously through low price options and plans that offer great value.

A combined Verizon/TracFone will benefit from owner's economics – a benefit that the vertically integrated T-Mobile/Metro and AT&T/Cricket already enjoy. In particular, the combined company will eliminate inefficiencies inherent in resale arrangements, respond more nimbly to the market, and compete aggressively for value-conscious consumers. And with this transaction, Verizon will invest substantially to expand TracFone distribution outlets, ensuring that TracFone service is more readily available across communities. In short, this deal will create a stronger, facilities-based provider to compete aggressively for value-conscious consumers.

Verizon will continue to offer TracFone's Lifeline service and is committed to ensuring that all Americans have access to broadband. In fact, this transaction will introduce a new network to Lifeline services, injecting real facilities-based competition into the Lifeline segment that does not exist now. Following the T-Mobile/Sprint transaction, roughly 90% of wireless Lifeline service runs over T-Mobile's network in the form of its direct offering to consumers or its wholesale offerings for MVNO Lifeline providers like TracFone. Importantly, Verizon welcomes discussions with the Commission to elaborate on our commitment to Lifeline and address any questions the Commission may have.

The Verizon/TracFone deal has been before the Commission for six months, and no one has petitioned the FCC to deny it. The small handful of commenters who raised questions cannot rebut the plain fact that at closing, under well-established law, this transaction will not make any change in concentration among providers in the wireless marketplace. Subscribers of resellers are attributed to their host facilities-based providers. Verizon is the host provider for the majority of TracFone customers, and the transaction will convert them from Verizon wholesale customers to Verizon retail customers. A combined Verizon/TracFone will continue to operate as a reseller for the remaining TracFone customers that ride on other networks – including T-Mobile and AT&T. All of these consumers will continue to be attributed to the facilities-based provider whose network provides them service today and will continue to receive their same service over their same devices at the time of closing.

Post-closing, over time Verizon will offer promotions to attract TracFone customers riding on other networks to move to the Verizon network. During this time, Verizon/TracFone will continue to operate as a reseller over those other networks, so these customers will not encounter any frustrations. To the contrary, they will be in a unique position as Verizon will target them with promotions. While Verizon is bullish on its plans to earn these customers' business, the company's efforts to attract them over to its network must be weighed against a wireless prepaid segment with an industrywide, annual churn rate of nearly 50 percent. All pre-paid providers, including the network operators who carry these customers' traffic today, will compete to seize the opportunity presented by this transition – further competition that will benefit consumers who are already quick to seek out the best deals.

This transaction will create more opportunities for resale providers, not just consumers. T-Mobile and AT&T will have every incentive to sign up more resellers as the bulk of their wholesale customer base – TracFone subscribers – shifts to the Verizon network. Verizon will continue to compete for resale traffic as well: since the TracFone deal was announced, Verizon has entered into new MVNO arrangements with Comcast and Charter and is in active discussions with others.

Verizon and TracFone urged the Commission to move forward promptly and grant the Application. Prompt action will hasten the benefits to consumers by allowing a stronger, facilities-based provider to begin aggressively competing for their business.

Respectfully submitted,

/s/ Alejandro Cantú Jiménez

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cc: Ethan Lucarelli