

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

Notice of Verizon Communications Inc.     )  
And TracFone Wireless, Inc. of             )  
The transfer of control of TracFone         )     Docket No. \_\_\_\_\_  
Wireless Inc.                                     )

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LA PUBLIC SERVICE  
COMMISSION

**NOTICE OF VERIZON COMMUNICATIONS INC.  
AND TRACFONE WIRELESS, INC. OF THE TRANSFER  
OF CONTROL OF TRACFONE WIRELESS INC.**

Pursuant to Rule 301.M, Verizon Communications Inc. (“Verizon”) and TracFone Wireless, Inc. (“TracFone”) (collectively the “Parties”) respectfully provide notice of the parent-level transfer of control of TracFone (the “Transaction”).

**I. Description of the Parties**

**A. TracFone**

TracFone registered with the Louisiana Public Service Commission (“Commission”) to provide commercial mobile radio service in Louisiana in 2009. TracFone is also an eligible telecommunications carrier (“ETC”) providing Lifeline services to qualifying low-income customers in Louisiana primarily under the SafeLink Wireless brand.<sup>1</sup>

TracFone sells and distributes prepaid, no-contract wireless services and devices throughout the United States, including in Louisiana. The company is an indirect, wholly owned subsidiary of América Móvil, S.A.B. de C.V. (“América Móvil”), a public stock corporation with variable capital organized under the laws of Mexico with its principal executive offices in Mexico City, Mexico.

<sup>1</sup> *Tracfone Wireless, Inc., Ex parte*, 2009 La. PUC LEXIS 285 (La. P.S.C. December 22, 2009).

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TracFone is not a facilities-based carrier and holds no wireless radio licenses. Rather, TracFone uses the networks of other facilities-based carriers, predominantly Verizon's. In Louisiana, TracFone also relies on the networks of AT&T Mobility and T-Mobile to provide its services. The company offers monthly prepaid plans and pay-as-you-go service in Louisiana, enabling customers to purchase prepaid cards and minutes that can be used with (and only with) mobile devices associated with their TracFone service, and last up to a full year.<sup>2</sup>

#### B. Verizon

Verizon is a publicly traded Delaware corporation and is one of the world's leading providers of communications, information, and entertainment products and services. Headquartered in New York City, Verizon is a holding company, does not directly provide telecommunications services in Louisiana, and is not a "telecommunications services provider."

Verizon's wholly owned operating subsidiaries provide communications services to consumers, businesses, and government customers, as well as to other carriers. Verizon's wholly owned subsidiaries, Cellco Partnership ("Cellco") and its commercial mobile radio service provider affiliates d/b/a Verizon Wireless, provide nationwide voice and data services to nearly 120 million total wireless connections across an extensive and reliable wireless network that comprises the largest 4G LTE network of any U.S. wireless service provider. Verizon also was the first company in the world to launch a commercial 5G mobile network with a commercially

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<sup>2</sup> TracFone also offers international calling card solutions to its customers. *See, e.g.*, Straight Talk Wireless | Unlimited International Calling, <https://www.straighttalk.com/wps/portal/home/shop/unlimitedinternational> (last visited Oct. 26, 2020); View Our International Calling Options | Total Wireless, <https://www.totalwireless.com/shop/ild> (last visited Oct. 26, 2020). Unlike prepaid calling cards that can be used from any fixed or mobile connection to the public network, the calling card solutions offered by TracFone can only be used with the customer's TracFone device because they are tied to the customer's mobile device identifier. As such, these are adjunct to the CMRS services provided by TracFone.

available 5G-enabled smartphone, and just became the first U.S. wireless network to secure 5G global roaming service.

Cellco and affiliated Verizon companies are registered to provide wireless services in Louisiana.

## **II. Description of the Proposed Transaction**

On September 13, 2020, TracFone and Verizon entered into an agreement (“Agreement”), pursuant to which Verizon will acquire TracFone from América Móvil. Under the Agreement, América Móvil will sell all of its interests in TracFone to Verizon. Upon completion of the Transaction, TracFone will become a wholly owned direct subsidiary of Verizon. On September 30, 2020, TracFone and Verizon filed an application with the FCC for approval of the transfer of the relevant FCC authorization pursuant to the Transaction.

## **III. Contact Information**

The designated contacts for the Parties for any correspondence or inquiries regarding this Notice are:

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#### **IV. The Transaction Is in the Public Interest**

The Transaction is in the public interest because TracFone's customers will have access to more choices and better services, and the Transaction will promote competition in the wireless prepaid segment. The Transaction will be largely seamless to TracFone's existing customers and no harm will otherwise arise from the Transaction.

##### **A. The Transaction will be largely seamless to TracFone's customers**

Today, nearly two-thirds of TracFone's nationwide customers are already served by Verizon's award-winning network. Post-Transaction, Verizon intends to migrate to its network, where it is available, those TracFone customers whose service now rides on the networks of other facilities-based carriers gradually and naturally. Verizon will not require any TracFone customers to move to a more expensive plan when the Transaction closes. Verizon intends to use attractive offers and promotions to encourage those customers needing to switch out their devices to do so over time. TracFone customers will not experience any loss, interruption, or impairment to their services. The Transaction will also be seamless to TracFone's Lifeline customers, because Verizon intends to maintain TracFone's ETC status and will continue to offer Lifeline service through TracFone where it will offer service through its own network.

##### **B. TracFone customers will have access to more choices and better services**

As a mobile virtual network operator (i.e., a reseller), TracFone offers prepaid, no-contract services to the value-conscious customer and others. Following the Transaction, TracFone customers will have access to more choices, better services, and new features under Verizon's investments, but with the same flexibility and control that customers value in TracFone's prepaid plans. Verizon also intends to provide a range of prepaid plans, so more consumers can enjoy mobile access at price points that work for them.

In addition, TracFone's Louisiana customers will have access to a wider variety of Verizon-compatible devices (including smartphones, tablets, and wearables). And TracFone's Louisiana customers will benefit from Verizon's world-class vision for 5G and other new technologies, as well as Verizon's international roaming options.

C. The Transaction will promote competition in the wireless prepaid segment

Consumers seeking prepaid options can choose between many prepaid brands and have the ability to switch between them, as demonstrated by an annual churn rate of 48.3 percent in the prepaid segment compared to an annual industry-wide churn rate of 15.9 percent.<sup>3</sup> Following this Transaction, as described above, Louisiana consumers will have even better options from which to choose. In addition, by removing the need for arm's-length negotiations between TracFone and Verizon post-close, TracFone will become a more nimble competitor and will be better able to compete against Metro and Cricket, the established pre-paid providers that currently benefit from being integrated with a mobile network operator.

D. No harm will arise from the Transaction

Verizon's acquisition of TracFone will enable it to better compete for value customers by offering low price options. Verizon is committed to serving TracFone's Louisiana customers and to competing vigorously in the prepaid segment through low price options and plans that offer great value. Demonstrating that commitment, Verizon will not require TracFone's Louisiana customers to move to a more expensive plan when the Transaction closes. Going forward, Verizon will provide a range of prepaid plans so that Louisiana customers can enjoy mobile access at price points that work for them.

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<sup>3</sup> The prepaid churn rate "indicates that consumers are not only willing but are also able to switch easily between service providers." *Communications Marketplace Report*, Report, 33 FCC Rcd 12558, 12567 ¶ 11 & n.33 (2018).

## V. Conclusion

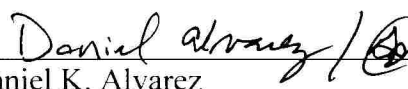
In conclusion, the Transaction will provide great benefits for TracFone customers and competition, will not harm Louisiana consumers, and is in the public interest. The Parties therefore respectfully provide 301.M notice of the Transaction and request that the Commission publish this matter in the next Official Bulletin with a 15-day intervention period.

October 30, 2020

Respectfully submitted,

  
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