

Exhibit 3

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of

Lifeline and Link Up Reform and
Modernization

WC Docket No. 11-42

APPLICATION OF NEXUS COMMUNICATIONS, INC.

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Exhibit 1 Certification

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Nexus Communications, Inc. (“Nexus”) respectfully submits the following application to participate in the Commission’s broadband adoption pilot program for low-income consumers.

I. INFORMATION REQUESTED IN THE PUBLIC NOTICE

A. Company Information

Nexus (FRN 0008813230) is a national wireline and Commercial Mobile Radio Services (“CMRS”) wireless telecommunications service provider that focuses on providing telephone services to low-income consumers. Nexus is a privately-held company and provides wireless services under the d/b/a name ReachOut Wireless. It is organized under Ohio law and headquartered in Columbus, Ohio.¹

Nexus became a competitive local exchange carrier in 2001, and later began to focus on providing service to low-income consumers. Nexus has been serving the low-income community since 2006 when it received its first ETC designation. Since that time, it has been

¹ Nexus has no holding company. Nexus owns 100% Telecom Services, Inc. but that company does not provide telecommunications services. Nexus provides wireline services under the names TSI and TSI Telephone Company.

designated as an ETC in a total of 26 states.² In 2009, Nexus began to offer wireless services in recognition of the greater utility and benefits of mobility in the communities it serves. Nexus' wireless offerings have been very successful with low-income consumers and the company now provides prepaid wireless ETC service to a large and growing number of Lifeline subscribers in the following states: Arkansas, California, Georgia, Iowa, Illinois, Kansas, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Nevada, New Jersey, Ohio, Rhode Island, West Virginia and Wisconsin.³

Nexus, therefore, has years of experience in providing wireless services focused on the low-income population, and over these years, has developed deep expertise in understanding the different needs and expectations of low-income consumers. Nexus aims to serve not only the upper echelon of the Lifeline consumer bracket, but also consumers who fall well below the eligibility requirements who are often not targeted by other Lifeline service providers. Its subscriber service, sales and technical support teams are specially trained in methods and practices attuned to communicate effectively with low-income consumers. For Nexus, it is the norm, rather than the exception, to expect that a potential subscriber may not be familiar with technology, be fluent in English or Spanish, or even be able to read.

Nexus' management has many years of experience in the telecommunications industry and has considerable experience operating as both a wireline and wireless Lifeline-only ETC. With Nexus' extensive experience focusing on providing high quality telecommunications services to low-income and credit challenged consumers, Nexus was one of the first competitive

² Nexus has been designated an ETC in the following states: Alabama, Arkansas, California, Florida, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, West Virginia and Wisconsin.

³ Nexus serves the following wireless study area codes: AR 409006; CA 549010; GA 229012; IA 359129; IL 349019; KS 419017; LA 279020; MD 189007; ME 109009; MI 319020; MO 429009; MS 289027; NJ 169002; NV 559009; OH 309006; RI 589004; WI 339026; and WV 209014.

ETCs in 2006. Nexus' President, Steven Fenker, has over a twenty-five years of experience in managing all aspects of the provision of telecommunications services, both wireline and wireless. His experience includes managing the provision of dial-up Internet access services to low-income consumers. Also part of the senior Nexus' management team is Mark Deek, who has 15 years of experience in the telecommunications industry, with particular expertise in intercarrier relations, and subscriber care and billing database management.

B. Description of Proposed Project

1. Proposed Service Area

Nexus proposes to provide the pilot services throughout its service area in Ohio, as well as Detroit, Las Vegas and Des Moines, and additional cities in its wireless territory. In all pilot areas, Nexus will partner with Connected Nation in order to provide pilot program subscribers (except those in the Control Group) with digital literacy training. Connected Nation will provide *no-cost, live* digital literacy training courses throughout the state of Ohio, as well as in Detroit, Michigan; Las Vegas, Nevada; and Des Moines, Iowa. Nexus will track urban and rural subscribers in Ohio separately in order to provide additional granular information regarding any detectable differences in the results in these markets.

In order to provide the Commission with more test data, Nexus also intends to offer pilot service in other markets in its wireless service territory without live literary training. Nexus will direct half of these subscribers to Connected Nation's on-line literacy course, and not offer any literacy training to the other half. The proposed plan will offer such service in both urban and rural areas in other parts of Nexus' 18-state wireless service area. Nexus would be happy to work with the Commission to focus on certain of these markets if the Commission has any preference for purposes of securing greater geographic diversity in its overall pilot program.

Nexus intends to specifically focus on low-income neighborhoods, which is where its existing subscriber base is already concentrated. For example, in Ohio, Nexus will focus on low-income neighborhoods located in Mahoning County, Trumbull County, Cuyahoga County, Lorain County, Summit County, Lucas County, Hamilton County, and Franklin County. Ohio trails the nation in broadband adoption, and only 39% of low-income Ohioans subscribe to broadband.⁴ Ohio therefore is an important and fertile ground for the Commission's campaign to boost the adoption of broadband among low-income consumers.

2. Description of Technology

Nexus proposes that consumers participating in its pilot will access the wireless broadband service on a personal computer, laptop, tablet or similar devices. These devices can be more conducive than mobile telephone handsets to word processing applications that are used for school work, job searches and other important functions. At the same time, Nexus firmly believes that it is important to offer Lifeline subscribers the ability to move their service easily and quickly, particularly as they travel from home to school, job to library, etc., and as they change residences, which happens much more frequently than for higher-income consumers. Nexus has therefore chosen to focus its pilot application on mobile CMRS bandwidth directed to a wireless aircard that can be utilized by devices such as laptops or desktop computers.

3. Proposed Broadband Speeds

Nexus' pilot program CMRS service will use a 3G (1xEVDO Rev A) technology that enables average download speeds of 500 kbps – 1.4 Mbps and average upload speeds of 500 – 800 kbps. 3G speeds adequately support typical online educational, health and communications

⁴ See Connected Nation 2011 Consumer Broadband Adoption Trends Residential Survey, available at <http://connectohio.org/survey-results/residential>.

resources and applications. Nexus believes that many consumers find the advantages of mobility to be more important than the faster speeds that are available from fixed wireline broadband services. Moreover, 4G access is limited on a resale basis and is not available in all parts of the country. For purposes of being able to offer consistent pricing and service across the entire field experiment area, therefore, Nexus proposes to use 3G spectrum for the pilot, although it is actively exploring options that would later enable Nexus to offer 4G services. If Nexus is able to secure a 4G offering prior to the start of the pilot, it would like to be able to work with the Commission to amend the application to offer 4G options as part of the pilot.

4. Proposed Rates and Subsidies

Nexus plans to offer the following 30-day monthly rates in the pilot program:

Plan	Data Allowance	Non-discounted Rates (Control Group) ⁵	Discounted Rates (Test Group I--\$10.00 Pilot Subsidy)	Discounted Rates (Test Group II--\$15.00 Pilot Subsidy)
Basic	200 MB	\$14.99	\$5.00	\$0.00 ⁶
Intermediate	500 MB	\$19.99	\$10.00	\$5.00
Medium	1 GB	\$29.99	\$20.00	\$15.00
Large	2 GB	\$39.99	\$30.00	\$25.00

Nexus does not propose any discounts that decline over time, given that all pilot-subsidy discounts expire after twelve months. Nevertheless, it will be able to test the effect on retention after a price increase when the subsidy period ends. Nexus is concerned that subscribers would be discouraged by two separate price increases during the course of the first year of service and believe that even the complexity involved with explaining this to low-income consumers would

⁵ For purposes of its field experiment, Nexus wanted its Control Group to receive non-discounted market-based prices. However, it also did not want to contaminate its control group data with information from subscribers who were not part of the pilot program, were not eligible for Lifeline, or who received pilot offers but could not certify that no one in their household already had broadband. Nexus therefore propose that its Control Group will receive offers, and if they subscribe, service, at rates one cent less than the standard commercial price (i.e., \$14.99 instead of \$15) so that it can better track Control Group data uncontaminated by data from subscribers who were not part of the pilot. For ease of accounting, Nexus has requested a subsidy level that compensates it for this one cent difference, so that the requested subsidy is an even \$10 or \$15 rather than \$9.99 or \$14.99.

⁶ Nexus recognizes that the Commission has stated a preference against no-cost plans to guard against “adoption” by eligible consumers who may not be interested in actually using the service. The company does not believe that to be a material risk in its case because a new subscriber must also purchase a refurbished aircard for \$50.00. In addition, Nexus believes that it would be useful for field experiment purposes to be able to supply the Commission with data on the number of consumers who choose this plan and also whether their usage differed from Control Group subscribers who paid a recurring charge for the same data plan. This would enable the Commission to better test its hypothesis that a material percentage of Lifeline subscribers receiving free service would not actually use it.

negatively affect the pilot. Also, a declining subsidy would be even more confusing for subscribers who join well after the start of the program.

Nexus proposes multiple usage options in order to be able to provide more data to the Commission from its field experiment. Nexus is mindful of the Commission's requirement that pilot participants offer usage options comparable to those available today in urban areas, and that many broadband services (particularly fixed wireline services) are still sold with unlimited usage or usage limits that are higher than the proposed lower usage plans. Nexus proposes a variety of lower-usage options, however, so that it may provide further data on usage options to the Commission.

As subscribers approach their monthly data limit, Nexus will provide notices to warn them that they are nearing their limits (including via text to those Nexus' existing wireless subscribers) and will also provide them with access to an online tool in which they can check their current usage. Once a subscriber uses all of his or her allotted usage for a month, the broadband service will stop working until the first day of the next month of service. Alternatively, an affected subscriber could contact Nexus to pay for a higher usage plan and immediately restore service. Nexus' service is pre-paid, which it has found is the model that works best for low-income consumers seeking to control their family budgets. Additional post-paid usage charges would expose the company to additional risk and expose subscribers to the potential unwanted bill shock for usage charges that they may not be able to afford. By providing the service via a prepaid format, the Lifeline subscriber never incurs unexpected charges for services, nor incurs liability for overages.

Any free Wi-Fi services may also provide additional benefits to pilot participants who utilize Wi-Fi enabled equipment. By using a laptop equipped with both Wi-Fi and wireless

broadband capability, subscribers will be able to utilize free Wi-Fi services that are available in an increasing number of locations throughout their community, without consuming their data allotment.⁷ Nexus will provide instructions to subscribers to make them aware of the benefits of this opportunity.

5. Non-recurring Fees

Nexus' broadband pilot will not assess any non-recurring fee. Consumers who do not currently subscribe to broadband may be deterred by high up-front fees on top of equipment costs, so Nexus has elected to try to recover the company's initiation and activation costs through ongoing service rates, rather than through non-recurring charges.

6. Focus on Unserved Consumers

Nexus' offer will make clear that eligibility for service is conditioned on the subscriber's certification that no one in the subscriber's household currently subscribes to a broadband service, including those subscribers in the Control Group in order to preserve consistency of the field experiment. For all subscribers, Nexus will utilize its existing certification procedures to otherwise qualify the applicant to receive the pilot service, in order to provide an auditable record and provide the Commission with greater assurance of the accuracy of the field experiment data.

Nexus' application partner Connected Nation uses grassroots techniques through its *Connected* community effort to pinpoint underserved areas and create strategic technology plans for these locations. *Connected* programming helps communities to effectively and efficiently leverage technology by identifying best technology practices and how to acquire

⁷ This function would be available only if the subscriber used a mobile device such as a laptop that has a Wi-Fi capability.

such technology. Connected Nation will support Nexus with metrics from its programs that will help Nexus determine where to target its broadband solicitations in communities that are most likely to have higher levels of low-income residents who do not currently subscribe to broadband.

7. Proposed Funding and Subscriber Projections

Nexus plans to focus on its existing eligible Lifeline telephone service subscriber base for solicitations, for three reasons: (1) advertising to new subscribers through an outreach campaign would be problematic because Nexus will offer different rates to similarly situated subscribers in the same market; (2) the use of existing subscriber base assures that the offers are only sent to Lifeline-eligible subscribers and eases the administration of verification of eligibility for the pilot, for both Nexus and the subscribers; and (3) the use of existing subscribers enables Nexus to perform a more controlled field experiment in which Nexus can precisely and randomly select Lifeline-eligible low-income consumers in the test markets. However, as noted below, Nexus will also make pilot service available to new subscribers located in low-income neighborhoods by conducting in-person direct action outreach through “Lab-in-a-Van” vehicles, as is described in more detail below in Section C.

Nexus’ proposal assumes that it will enroll 8,000 subscribers in Group I and enroll 8,000 subscribers in Group II. It will begin offering service immediately and will continue to solicit potential subscribers until these allotments had been exhausted. Nexus is unable to predict adoption take-rates of the percentage of people that will subscribe, so its plan is to measure the number of solicitations required to fulfill these allotments. Nexus will also make an equal number of offers to Lifeline-eligible subscribers at its non-discounted Control Group rates.

For example, at the initial launch, Nexus will send solicitations to 120,000 subscribers: 40,000 at Group I rates, 40,000 at Group II rates, and 40,000 at Control Group rates. The company does not expect one-fourth acceptance so it does not anticipate that this will exhaust the allotment for either group. It would send a second solicitation to all non-responsive initial recipients. After approximately one month, it would send new solicitations to an additional number of potential eligible subscribers Group I and Group II. Nexus will calculate the number of solicitations based upon the percentage take-rate from the first month. For example, if it had enrolled 4,000 Group I subscribers and 6,000 Group II subscribers, it might send 40,000 additional Group I offers (expected to result in another 4,000 subscribers) and 13,333 Group II offers (expected to result in another 2,000 subscribers), and would then send another 40,000 Control Group offers to match the size of the Group I pool.

Nexus will not materially oversubscribe a Group, though it does expect that service to some subscribers would be cancelled prior to the end of the pilot, either at the subscriber's request or as a result of non-payment. Thus, it expects that the 8,000 discounted slots will be subscribed for an average of 10 months during the pilot's subsidy period. It can re-fill a slot of a canceled subscriber such that it might have more than 16,000 discounted subscribers during the life of the project without exceeding the program budget.

The requested budget for the service subsidy is therefore \$2,000,000, which is based upon 8,000 subscribers at \$10 per month times 10 months (\$800,000) and 8,000 subscribers at \$15 per month times 10 months (\$1,200,000). However, these numbers can easily be scaled up or down to a reasonable extent based upon the Commission's preference and amount of available funds.

Nexus will then measure how many offers it had to send in order to fully subscribe each Group. It will calculate the Control Group adoption rate based upon the number of subscribers subscribed divided by the number of Control Group offers. More granular analysis of the usage level selected by each subscriber would be appropriate to consider different shades of success, although at the outset, Nexus expects that more subscribers in Group II, because of lower rates, would choose higher usage plans.

Nexus understands that preserving scarce universal service fund USF resources is vitally important and that the Pilot Program has a limited budget. In the event that it oversubscribes subscribers to a discount plan, Nexus agrees not to seek reimbursement for subsidies beyond the funds allocated by the Commission in its award.

In each pilot market, Nexus will use the same proportion of offers for each Test Group (including the Control Group), so that the calculations set forth above can be made for each market. In Ohio, Detroit, Las Vegas, and Des Moines, Nexus will direct subscribers to the live training programs of Nexus' digital literacy partner, Connected Nation. For the Ohio pilot, Nexus will partner with Connect Ohio, a subsidiary of Connected Nation. Nexus' pilot participants will have access to a program created by Connect Ohio entitled Every Citizen Online ("ECO"), which is designed to stimulate broadband adoption in Ohio by building awareness, developing strategic partnerships, and conducting training sessions at libraries, community colleges, and other anchor institutions throughout the state. The ECO project entails an extensive statewide advertising campaign to raise awareness about training opportunities and deploys trainers statewide for instruction in the use and maintenance of computer components, Internet use, and practical applications of broadband access. Since the beginning of 2011, the program has trained 22,000 Ohioans in basic computer skills, with 87% of trainees expressing an

interest in adopting broadband service within a year or less. The project is on target to train more than 200,000 residents over the life of the three-year project, providing approximately 1.1 million hours of training.

In Detroit, Las Vegas and Des Moines, Nexus will direct half of the pilot subscribers to Connected Nation's online digital literacy program, and for the other half it will not identify any training opportunities to subscribers. This diversity of approaches will enable it to provide the Commission with data about the effect of live and online literacy training options on adoption, retention, and usage, (Nexus will collect data on actual usage by each category in Nexus' field experiment). It also will separately compute actual data usage by subscribers who received training versus those who did not in order to try to determine whether such training led to increased usage of the broadband service.

Nexus will use the last two digits of the subscriber's account number to randomly determine whether to send him or her pilot applications and if so, which price offer he or she will receive. It will disperse offers throughout the geographic areas subject to the pilot program.

Nexus expects that it will receive some unsolicited requests for service at the pilot-subsidized discounted rates based upon word of mouth from other subscribers. To preserve the validity of the data, Nexus will not accept unsolicited requests for service into the pilot program. As noted above, the company will have a separate, undiscounted price plan available to non-participants that will be tracked separately from the Control Group.

8. Marketing

Because Nexus will be offering different rates to different people, Nexus will rely primarily on direct marketing texts to existing subscribers. The initial text will read:

IMPORTANT MESSAGE ReachOut Wireless, through the Federal Lifeline program, is now offering wireless broadband! You may receive up to 2 Gigs a month of 3G wireless broadband. If you qualify, you may receive up to \$15.00 off regular rates. Call 1-866-XXX-XXXX immediately for specific packages and rates!

Nexus will provide marketing in select other languages where it has information about the language preference of the subscriber or the local community. In select low-income neighborhoods in Ohio, Nexus will also advertise the service through the Lab-in-a-Van program described below.

9. Customer Service Support

Subscribers purchasing refurbished computers through the Connected Nation program described below will be eligible for a free allotment of telephone-based professional computer support. Additionally, Nexus will select members of the company's existing subscriber service team to be trained in supporting inbound subscriber technical and other support for the pilot program broadband services and related computer issues. Nexus has over the years gained experience dealing with its low-income wireline subscribers who have contacted Nexus in connection with dial-up internet access services, seeking answers to basic tech support questions and issues.

C. Nexus and Connected Nation Have Partnered to Implement a Comprehensive Broadband Adoption Strategy for the Pilot Program

1. Digital Literacy Training

Nexus has partnered with Connected Nation and its subsidiaries and partners in this pilot application to provide digital literacy training to its pilot program broadband subscribers. Connected Nation is a broadband adoption pioneer with more than ten years experience working with hundreds of anchor institutions, community leaders, states, local governments, and citizens across the country to expand the reach, adoption, and use of broadband technology. Digital

literacy and technology outreach projects have been at the heart of Connected Nation's mission since its founding. From the introductory "Computers 4 Kids" program it inaugurated in Kentucky and Tennessee in 2004, Connected Nation has grown to become a nationally-recognized leader in broadband adoption and digital literacy as a recipient of NTIA grants, a partner of the Bill and Melinda Gates Foundation, and through relationships with community anchor institutions. Connected Nation has built digital literacy programs that integrate connectivity, devices, and training from the ground up, and it has targeted its initiatives on the basis of sound empirical research.

The centerpiece of the Nexus-Connected Nation partnership for this pilot project will be located in Nexus' home state of Ohio. Connected Nation's Ohio subsidiary Connect Ohio has already provided live, six-hour digital literacy (computer and broadband skills) courses to more than 22,000 Ohioans through its Every Citizen Online program. Every Citizen Online is a public-private partnership that supports the offering of free computer and broadband training classes in more than 285 library, community college, workforce development, and community center and other locations across the state of Ohio. Every new Nexus pilot program subscriber in Ohio will be invited to enroll in these training programs at locations near his or her home.⁸ After completing the basic training in computer basics, Internet fundamentals, and applied Internet use, students can move into a wide array of topics from jobs to education, healthcare, or further computer knowledge.

⁸ Depending on the timing of the Commission's pilot program, it is possible that Connect Ohio's funding for its training programs could run out in the second half of 2013 prior to the very end of the pilot program. Because Nexus expects most of its pilot program subscribers to be subscribed within the first part of 2013, the company does not anticipate a significant problem. However, in such event, the company would turn that shortfall into a positive by providing the Commission with additional field data regarding any differences in adoption, retention and usage of Ohio subscribers who were not offered training with those that were.

In addition, Nexus itself will be a sub-recipient of Connect Ohio's Broadband Technology Opportunities Program ("BTOP") grant. Connect Ohio will provide training to Nexus personnel and to other persons recruited by Nexus to launch Nexus-operated mobile training facilities. These Lab-in-a-Van training facilities (modeled after Connect Ohio's successful Lab-in-a-Box® program) will be able to bring training centers directly into the neighborhoods of Ohio's poorest communities. Through Lab-in-a-Van, Nexus will also offer pilot broadband service to new subscribers, as an exception to its general practice in the pilot of targeting existing subscribers for the pilot. These consumers could subscribe to Nexus' broadband pilot services regardless of whether they subscribe to Nexus' voice services. It will not be able to offer Control Group and Test Groups I and II pricing at the same time to new subscribers, so it will offer one of these three rate plans exclusively to everyone in contact with the van on that day's deployment. The company would then offer each of the other rate plans on different days.

Lab-in-a-Van will particularly target neighborhoods that Connect Ohio has identified as having low broadband adoption rates. Nexus will also seek to train, as trainers, members of particular immigrant communities in Ohio. Nexus believes that it can improve and enhance broadband adoption and literacy in some low-income ethnic communities by providing training, enabling these members to conduct further training in their specific communities. The company will perform sales and eligibility functions with the van and will offer on-the-spot training, or offer the new subscriber additional training at a later time.

2. Discounted Hardware

Nexus has partnered with Connected Nation to make refurbished desktop and laptop computers available to its pilot subscribers at highly-discounted prices, including a 90-day

warranty and an allotment of free professional telephone-based subscriber computer support. Connected Nation has a long, successful history in providing discounted refurbished computers through its Computers 4 Kids program. Subscribers will have three options:⁹

- **Basic Desktop Internet Access Computer for \$119:** Pentium 4 Processor, 1GB RAM; 40GB Hard Drive, DVD Drive, Windows XP Operating System Software, 15" Display Monitor, cable, keyboard, mouse.
- **Basic Portable Internet Access Laptop for \$189:** Pentium 4 Processor, 1GB RAM; 40GB Hard Drive, DVD Drive, Windows XP Operating System Software, wireless modem.
- **Premium Portable Internet Access Computer for \$229:** Dual Core Processor, 2GB Ram; 80GB HD, DVD, Windows XP Operating System Software, wireless modem.

Nexus also has direct relationships with refurbishers and may offer additional options to participants. While subscribers will also be permitted to use other computers and devices, Nexus wants to provide them with these discounted options as a good alternative to second-hand computers inherited from friends or purchased at garage sales. Old computers that have not been professionally refurbished tend to have insufficient memory, viruses or malware, old versions of software, and other problems.

Finally, subscribers will need aircards provided by Nexus to use the broadband service. Nexus plans to provide pilot participants with discounted refurbished aircards at a price of \$50.00 per unit plus shipping.

D. Additional Qualifications of Connected Nation

Connected Nation is a national 501(c)(3) non-profit organization committed to bringing the benefits of broadband to the all Americans, with a belief that the widespread access, adoption, and use of broadband-enabled technology has the power to improve lives. Connected

⁹ A shipping charge of \$12 also applies to each computer.

Nation has pioneered broadband research, community technology planning and demand stimulation for over a decade. More recently, Connected Nation has partnered with ten states and one U.S. territory to launch successful broadband-focused initiatives under the State Broadband Initiative (“SBI”) grant program. Connected Nation’s state partners are: Texas, Alaska, Nevada, Kansas, Iowa, Minnesota, Michigan, Ohio, Tennessee, South Carolina, Florida, and the territory of Puerto Rico.

E. Design and Implementation Plan For Field Experiment

1. Project Design

Nexus’ field experiment will divide the more than 100,000-300,000 or so subscribers (the number will depend on adoption rates) who will receive solicitations into seven geographic Test Service Areas and, within each, into one of three Test Groups (Control Group and Test Groups I and II). Each group will be able to choose from one of four usage plans. As detailed in subsection 2 below, the project will test adoption hypotheses regarding the relative success of each of these Groups by the type of digital literacy training offered and received, whether the new subscriber needed (and therefore elected) a discounted computer, and the varying Lifeline discounts offered (or lack thereof).

2. Data Sets to be Provided to the Commission

To inform the Commission of causal impact of the variations in broadband service adoption, usage, and training, Nexus will collect and prepare separate data sets for each of the following Test Service Areas:

- Ohio Urban¹⁰
- Ohio Rural
- Ohio Lab-in-a-Van¹¹

¹⁰ Nexus will determine whether a subscriber is urban or rural based upon the U.S. Census Bureau’s definitions as applied to the subscriber’s billing address.

- Detroit
- Las Vegas
- Des Moines
- Other Urban
- Other Rural

For each Test Service Area, Nexus will provide data sets for:

1. Number of Solicitations Sent
 - a. Control Group Pricing/Test Group I Pricing/Test Group II Pricing¹²
2. Ordered Service
 - a. Control Group/Test Group I/Test Group II
 - i. Basic/Intermediate/Medium/Large¹³
 - b. Received Solicitation but Ineligible; Ordered Commercial Service¹⁴
 - c. Offered Live Training
 - i. Attended Training
 - d. Offered Online Training
 - i. Started/Completed Online Training
3. Ordered Discounted Computer through Nexus/Connected Nation
 - a. Control Group /Test Group I /Test Group II

¹¹ There are eight “Test Service Areas,” but in some cases Nexus refers to the seven “geographic” Test Service Areas which excludes the Lab-in-the-Van part of the study.

¹² For each of the seven geographic areas (which excludes the Lab-in-a-Van data), Nexus would send the same number of solicitations for each of the three price groups.

¹³ For each Group, Nexus will record the number of people who selected each Plan. Nexus will track the number of subscribers that changed plans over the course of the pilot, and create additional data sets if this number becomes material.

¹⁴ Some consumers who receive the solicitation will turn out to be ineligible, *i.e.*, they already have broadband service. Nexus will attempt to track how many of these consumers elect to purchase commercial broadband service, which will be priced at one cent more than control group pricing. These subscribers will otherwise not be included in the pilot data, but this one metric will be tracked to provide a more accurate sense of the response rate to the solicitations.

4. Maintained Service Throughout Pilot
 - a. Control Group/Test Group I/Test Group II
 - b. Received Live Training/Received Online Training/No Training
5. Cancelled Service within First Two Months after End of Pilot
 - a. Control Group/Test Group I/Test Group II
 - b. Received Live Training/Received Online Training/No Training
 - c. Basic/Intermediate/Medium/Large Plans
6. Downgraded to Lower Usage Plan within First Two Months after End of Pilot
 - a. Large to Basic
 - b. Large to Intermediate
 - c. Large to Medium
 - d. Medium to Basic
 - e. Medium to Intermediate
 - f. Intermediate to Basic

7. Usage Level Analysis

- a. Median Usage Levels for Basic¹⁵/Intermediate/Medium/Large Plans
- b. Median Usage Level for Live Training/Online Training/No Training¹⁶

8. Additional Data Point for Lab-in-a-Van Subscribers

- a. Current Telephone Service Provider: None; Wireline and/or Wireless; Lifeline

3. Randomization

For each of the seven geographic Test Service Areas, Nexus will randomly and evenly divide targeted subscribers within that area into the three Test Groups by the last two digits of the subscriber's account number, thus enabling a completely random allocation of subscribers into one of the test groups.

4. Mitigating Bias

Nexus will mitigate bias by controlling the population that will receive solicitation offers. Nexus will send solicitations to randomly pre-selected subscribers. This approach is expected to result in less bias than a pilot program subscriber base that is comprised of public advertising asking people to volunteer to participate in an experiment.

Although the solicitations will be random, there is potential for bias where, as here, program participants may realize that they are part of an experiment. Prospective pilot participants may realize this when asked upon sign up to complete the USAC questionnaires and agree to allow Nexus to use their usage data and information in ways that may be different from our ordinary privacy policy. Nexus will attempt to mitigate this bias, for example, by training its

¹⁵ Nexus will separately provide usage data for Basic Plan subscribers in Group II, who will not have a monthly recurring charge, to study whether they are less likely to use a service that has no will charges.

¹⁶ This metric may indicate whether training increased subscriber's use of the service.

personnel not to overly emphasize the experimental nature of the program, and in particular, the potential consequences of the subscriber's behavior on future policy. Nexus may still emphasize to the subscriber that its lower prices represent a subsidized opportunity, but would not urge a consumer to purchase any particular plan, attend training or not (beyond making the training information available), or make other choices, for the purpose of affecting the data produced by the experiment or any policy preference that any person may hope will be supported by such data.

Substitution bias certainly will occur as many consumers, especially those offered control group pricing, will have access to other non-pilot broadband alternatives that they might in some cases believe are preferable. It is possible that Nexus' lower-usage plans will appear to be relatively more popular than its higher usage plans when Nexus' pilot data is viewed in isolation, rather than among the U.S. population as a whole, because there would be greater substitution bias with respect to higher usage plans given that there are more high-usage plans than low-usage budget plans available in the market. But Nexus submits that this bias does not materially affect Nexus' core experiment – which is to test which service plans and rates attract the most new, previously-unserved low-income consumers who cannot afford the cost of the “substitute,” and not necessarily which plan is most desirable among people who can afford to choose.

By focusing primarily on Nexus' existing Lifeline mobile telephone subscribers, there will admittedly be a bias from the general exclusion of consumers who do not purchase any telephone service or purchase telephone from another provider. Nexus will attempt to measure any effect of this bias by recording additional data about the current home telephone subscriptions of broadband pilot subscribers who enter the pilot through the Lab-in-a-Van program.

5. Sample Size

Nexus' scale as a relatively large, existing Lifeline service provider affords important advantages as a pilot participant. As detailed herein, Nexus seeks to collect numerous data sets for use by the Commission. If the numbers in the data sets are too small, the margin of error would be high. While the Commission could, to an extent, try to mitigate this problem by aggregating data from multiple pilots, the comparing of "apples and oranges" will be of limited utility because each participant has been permitted to structure its own variables. Therefore, there is an advantage to choosing pilot participants that can offer the scale to send several hundred thousand solicitations and realistically aim to have more than 20,000 participants (8,000 each in Test Groups I and II plus the Control Group) in a relatively short period within the first couple months of the trial. Nexus' pilot proposal has been designed with the intent that all major test types would have at least 500 participants, which should be sufficiently large to deliver a statistically reliable sample. Nexus could, in fact, accept greater funding than the proposed budget if the Commission prefers to take even greater advantage of the scaled benefits for data collection and statistical accuracy.

6. Data Collection

Data collection from consumers is difficult and Nexus does not want to impose additional data collection obligations on participants that could detract from USAC's data collection. Therefore, Nexus does not intend to collect additional data from consumers and will focus instead of usage and subscription data and whether they participated in a Connected National literacy program.

F. Subscriber Eligibility Verification

Nexus will comply with the requirements pertaining to consumer qualifications for Lifeline set forth in new section 54.409 of the Commission's rules¹⁷ upon its effective date and any state-specific requirements in the state in which Nexus has will provide supported broadband. More specifically, Nexus will require all subscribers in the pilot program to demonstrate eligibility based on the following: (1) household income at or below 135% of the Federal Poverty Guidelines for a household of that size (or the state-specific threshold); or (2) the household's participation in one of the federal assistance programs listed in new 47 C.F.R. § 54.409(a)(2) and any additional state programs, as applicable, in accordance with 47 C.F.R. § 54.409(a)(3). Nexus also will confirm that the subscriber is not already receiving broadband service (subsidized or otherwise) and that no one else in the subscriber's household is subscribed to a broadband Lifeline service, which will assure that no person receives two pilot program discounts and also, beyond the eligibility rules, that the pilot program is focused on increasing adoption among consumers who currently do not subscribe. Nexus is attaching a sample certification form that would be used for pilot participants.

Nexus will offer the broadband pilot program rates only to existing subscribers that subscribe to its Lifeline telephone service. This will assure that all subscribers are eligible for Lifeline without the need to re-impose the full process of Lifeline certification. A statement of Nexus' Lifeline eligibility procedures for telephone service is below:

1. Nexus' Procedures to Determine Consumer Eligibility

Analysis of Lifeline Eligibility. If Nexus cannot determine an applicant's eligibility for Lifeline by accessing income databases or program eligibility databases, Nexus personnel (either

¹⁷ 47 C.F.R. § 54.409.

employees or third party customer service representatives) will review documents to establish eligibility in accordance with the criteria set forth in 47 C.F.R. § 54.409. All Nexus personnel who interact with existing Lifeline subscribers or Lifeline applicants will be fully trained in assisting Lifeline applicants with Lifeline eligibility. All Nexus personnel have been trained to answer questions about Lifeline requirements, and how to review required documentation to determine whether it satisfies the *Lifeline Reform Order* and state-specific eligibility requirements using state specific checklists. All Nexus personnel involved in enrolling Lifeline applicants have been trained on the Commission's revised Lifeline eligibility rules and Nexus' practices and policies designed to implement these new rules.

Proof of Lifeline Eligibility. Nexus follows the Commission's requirements pertaining to acceptable documentation to establish eligibility based either on income level or participation in a qualified government assistance program. Specifically, acceptable documentation of program eligibility includes: (1) the current or prior year's statement of benefits from a qualifying state, federal or Tribal program; (2) a notice letter of participation in a qualifying state, federal or Tribal program; (3) program participation documents (*e.g.*, the consumer's Supplemental Nutrition Assistance Program ("SNAP") electronic benefit transfer card or Medicaid participation card (or copy thereof); or (4) another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.¹⁸ Acceptable documentation of income eligibility includes: (1) the prior year's state, federal, or Tribal tax return; (2) current income statement from an employer or paycheck stub; (3) a Social Security statement of benefits; (4) a Veterans Administration statement of benefits; (5) a retirement/pension statement of benefits; (6) an Unemployment/Workers' Compensation statement of benefit; (7) federal or Tribal notice letter of participation in General Assistance; (8) or a divorce decree, child support

¹⁸ *Lifeline Reform Order* at ¶ 101.

award, or other official document containing income information. If the prospective subscriber presents Nexus with documentation of income that does not cover a full year, the prospective subscriber must present the same type of documentation covering three consecutive months within the previous twelve months.¹⁹ Nexus subscribers may provide the documentation in person, via fax or email, or they may mail in copies to Nexus. Nexus keeps and maintains detailed, accurate records detailing the data source used to determine a subscriber's eligibility or the documentation the subscriber provided to demonstrate eligibility for Lifeline. If an applicant is unable to provide documentary proof of eligibility based on either household income level or current participation in a qualified program, Nexus will deny that application.

2. Nexus' Procedures for Subscriber Certifications

In the *Lifeline Reform Order*, the Commission established a path for a transition to a national, governmental database that will be used to confirm the initial and continued eligibility of a Lifeline subscriber.²⁰ Nexus will utilize that database when it becomes operational. Until that time, however, Nexus will continue to adhere to the following procedures for enrolling prospective subscribers in the Lifeline program.

Nexus has implemented certification procedures that will enable prospective subscribers to demonstrate their eligibility by contacting Nexus either in person or by telephone, facsimile, over the Internet, or other electronic transmission. Nexus personnel involved in enrolling Lifeline applicants verbally recite the certifications to Lifeline applicants where when enrolling in person or over the phone. Prospective subscribers who do not complete Nexus' Lifeline Application in person must return the signed document and eligibility documentation to Nexus by mail, facsimile, electronic mail or other electronic transmission. Nexus accepts electronic

¹⁹ 47 C.F.R. § 54.410(b)(1)(i)(B).

²⁰ See *Lifeline Reform Order* at ¶ 403.

signatures that meet the requirements of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §§ 7001-7006 and any applicable state laws.²¹

Every prospective subscriber is required to complete and sign a Nexus' revised "Lifeline Application." A sample of this document is provided as Exhibit 1. Nexus has modified its Lifeline Application for this pilot. It has also modified the form for use in certain states that have specific requirements, such as additional qualifying programs, but the operative language of Exhibit 1 will remain constant. Nexus's Lifeline Application conforms to the requirements of the *Lifeline Reform Order*, 47 C.F.R. § 54.410(d) and 47 C.F.R. § 54.405.

Information Collected. Nexus collects the following information from prospective subscriber in its Lifeline Application form, which will be adapted for the pilot program: (1) the subscriber's full name; (2) the subscriber's full residential address (P.O. Boxes are not permitted as a residential address); (3) whether the residential address is permanent or temporary; (4) the subscriber's billing address, if different; (5) the subscriber's date of birth; (6) the last four digits of the subscriber's Social Security number (or Tribal identification number if the subscriber is a member of a Tribal nation and does not have a Social Security number²²); (7) if the subscriber is seeking to qualify for Lifeline under the program-based criteria, the name of the qualifying assistance program from which the subscriber, or his or her dependents, or his or her household receives benefits; and (8) if the subscriber is seeking to qualify for Lifeline under the income-based criterion, the number of individuals in his or her household.²³ It will also seek a certification that the prospective subscriber's household does not currently subscribe to any

²¹ See *Lifeline Reform Order* at ¶ 168; 47 C.F.R. § 54.419.

²² Nexus will only include language regarding a Tribal identification number on forms used in states with Tribal areas.

²³ 47 C.F.R. § 54.410(d)(2).

broadband service, and that Nexus may share anonymized subscriber data with USAC and the Commission.

Applicant Certification. In accordance with 47 C.F.R. § 54.410(d), in its Lifeline Application, Nexus requires all Lifeline applicants to certify, under penalty of perjury, that: (1) the subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline; (2) the subscriber will notify Nexus within 30 days if, for any reason, he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the applicant no longer meets the income-based or program-based criteria for receiving Lifeline support, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit; (3) if the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, that he or she lives on Tribal lands; (4) if the subscriber moves to a new address, that he or she will provide that new address to Nexus within 30 days; (5) if the subscriber provided a temporary residential address to Nexus, the subscriber will be required to verify his or her temporary residential address every 90 days; (6) the subscriber's household will receive only one Lifeline service and, to the best of the applicant's knowledge, the subscriber's household is not already receiving a Lifeline service; (7) the information contained in the subscriber's application/certification form is true and correct to the best of the subscriber's knowledge; (8) the subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; (9) the subscriber acknowledges that he or she may be required to re-certify his or her continued eligibility for Lifeline at any time, and (10) that the applicant authorizes Nexus to access any state or federal records or database to verify his or her eligibility, and authorizes Nexus to release any records required for administration of the program, including to USAC to be used in the national Lifeline database and that failure to so authorize

Nexus will result in a denial of Lifeline benefits. Subscribers may also certify via interactive voice response (“IVR”).

In accordance with 47 C.F.R. § 54.410(d)(1), Nexus’ Lifeline Application discloses the following information: (1) Lifeline is a federal benefit and willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program; (2) only one Lifeline service is available per household; (3) a household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses; (4) a household is not permitted to receive Lifeline benefits from multiple providers; (5) violation of the one-per-household limitation constitutes a violation of the Commission’s rules and will result in the subscriber’s de-enrollment from the program; and (6) Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person.

Finally, in accordance with 47 C.F.R. § 54.405(c), Nexus’ Lifeline Application indicates, using easily understood language, (1) that the service is a Lifeline service; (2) that Lifeline is a government assistance program; (3) that the service is non-transferrable; (4) that only eligible consumers may enroll in the program; and (5) that the program is limited to one discount per household.

3. Nexus’ Procedures for Annual Re-certification of Lifeline Subscribers

In accordance with the requirements of the *Lifeline Reform Order* and 47 C.F.R. § 54.410(f), Nexus will annually re-certify all of its Lifeline subscribers by either (1) querying the appropriate eligibility or income databases, confirming that the subscriber continues to meet the program- or income-based eligibility requirements for Lifeline and documenting the results of that review, or (2) obtaining a signed certification from the subscriber that meets the certification requirements set forth in 47 C.F.R. § 54.410(d). Nexus’ annual re-certification form includes a

confirmation from the subscriber that the applicant's household receives only one Lifeline service and, to the best of the subscriber's knowledge, the subscriber's household is receiving no more than one Lifeline service. Additionally, Nexus' re-certification materials inform the subscriber that he or she is being contacted to re-certify his or her continuing eligibility for Lifeline and if the subscriber fails to respond, he or she will be de-enrolled in the program.

For 2012, Nexus is re-certifying the eligibility of its Lifeline subscriber base as of June 1, 2012 on a rolling basis by the end of 2012 and report the results to USAC by January 31, 2012.²⁴ Nexus will notify its subscribers in writing that a failure to respond to the recertification request will result in de-enrollment in the Lifeline program. Nexus will de-enroll subscribers who do not respond to the annual verification or fail to provide proof of continued eligibility in accordance with the procedures set forth in 47 C.F.R. § 54.405(e)(4).

G. Post-Pilot Transition

After the program, Nexus will continue to offer non-discounted service. Nexus will measure subscriber losses that occur after the loss of the discount to provide that data in its final report to the Commission. Nexus will send text notifications to Test Group I and II pilot subscribers as follows:

IMPORTANT MESSAGE Your broadband Lifeline subsidy is about to expire. On XX/XX/XXXX, the discount you receive on your broadband service will expire and you will be charged the full rate for this service. Call 1-866-XXX-XXXX for further information.

H. Final Report

Nexus will submit a final report to the Commission at the end of the program that will include all of the data set forth in Section E of this Application. Though Nexus will make all of its anonymized data available to the Commission, Nexus also intends to include its own analysis

²⁴ *Lifeline Reform Order* at ¶ 130.

and hypotheses. It is hoped that the data and Nexus' anecdotal experiences will illuminate the importance of price on adoption decisions; the level of barrier imposed by the up-front cost of computers and other equipment; the influence of training options on adoption and usage; the role of low-cost, limited-usage options on low-income adoption; and the effectiveness of ongoing vs. only introductory subsidies.

Nexus looks forward to the opportunity to participate in this important broadband adoption and literacy program, and would be pleased to provide additional information to the Commission.

Respectfully submitted,



By:

Danielle Frappier
Paul B. Hudson
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, N.W.
Suite 800
Washington, D.C. 20006-3401
(202) 973-4242

Counsel to Nexus Communications, Inc.

July 2, 2012

Exhibit 1

LIFELINE APPLICATION

**Fax to: 1-877-870-9333 Email to: enroll@reachoutmobile.com or
Mail to: ReachOut Wireless, PO Box 247168, Columbus, OH 43224-7168**

☐ **125 FREE Rollover Minutes** ☐ **250 FREE Non-Rollover Minutes** ☐ **Wireless Broadband**
(Lifeline avail. for limited time)

I certify that I participate in one of the following programs (check one):

- | | |
|---|---|
| <input type="checkbox"/> Food Stamps (SNAP) | <input type="checkbox"/> Medicaid |
| <input type="checkbox"/> Federal Public Housing Assistance (Section 8) | <input type="checkbox"/> Temporary Assistance to Needy Families (TANF)/Ohio Works First |
| <input type="checkbox"/> National School Lunch Free Lunch Program | <input type="checkbox"/> Supplemental Social Security (SSI) |
| <input type="checkbox"/> Low-Income Home Energy Assistance Program (LIHEAP) | <input type="checkbox"/> General Assistance (GA) |
| <input type="checkbox"/> SSDI- Blind and Disabled | |
- If you wish to qualify based on income, a different form is required.*

You must provide documentation demonstrating your current participation in the program checked above.

Last Name: _____ First Name: _____ Middle Initial: _____

Last 4 digits of Soc. Security #: _____ Date of Birth: _____

Residential Address: _____ Apt. _____ City: _____ State: _____ Zip: _____

(no P.O. Box for res. address)

Select if Address is Temporary: ☐

If you move, you must update your residential address with ReachOut Wireless within 30 days

Billing Address (if different): _____ Apt. _____ City: _____ State: _____ Zip: _____

I certify that:

- ☐ I acknowledge that Lifeline is a government assistance program and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
- ☐ I acknowledge that only Lifeline eligible consumers may enroll in the Lifeline Program.
- ☐ I acknowledge that I may only receive Lifeline-discounted broadband service if no one at my household subscribes to any broadband service, even if that broadband service is not supported by Lifeline.
- ☐ I acknowledge that only one Lifeline service is available per household, and that, to the best of my knowledge, no other person in my household is receiving a Lifeline service. (For purposes of Lifeline, a "household" is any individual or group of individuals who live together at the same address and share income and expenses.)
- ☐ I acknowledge that a household is not permitted to receive Lifeline benefits from multiple providers and that violation of this limitation constitutes a violation of the rules of the Federal Communications Commission and will result in de-enrollment from the Lifeline program. If I am participating in another Lifeline program at the time I apply for ReachOut Wireless Lifeline service, I agree to cancel that Lifeline service with any other provider.
- ☐ I acknowledge that Lifeline is non-transferable and that I may not transfer my benefit to any other person.
- ☐ I acknowledge that providing false or fraudulent information to receive Lifeline benefits is punishable by law.
- ☐ I will notify ReachOut Wireless within 30 days if for any reason I no longer satisfy the criteria for receiving Lifeline services, such as no longer participating in any of qualifying program, or if I or a member of my household receives another Lifeline benefit.
- ☐ I acknowledge that I may be required to re-certify to my continued eligibility for Lifeline at any time, and that my failure to re-certify will result in de-enrollment and termination of my Lifeline benefits.
- ☐ If I move to a new address, I will provide the new address to ReachOut Wireless within 30 days.
- ☐ If I provided a temporary address, I will be required to verify my temporary address every 90 days. If I do not provide verification within 30 days, I will be de-enrolled from the Lifeline program.
- ☐ I authorize ReachOut Wireless to access any state or federal governmental records or database required to verify my statements herein and to confirm my continued eligibility for Lifeline and authorize social service agency representatives to discuss with and/or provide information to ReachOut Wireless verifying my participation in programs that qualify me for Lifeline. I also authorize ReachOut Wireless to release any records required for the administration of ReachOut Wireless's Lifeline program, including to the Universal Service Administrative Company (USAC), to be used in a Lifeline Program Database. I understand that the records are required to ensure the proper administration of the Lifeline program and that failure to provide consent will result in the applicant being denied the Lifeline service. I authorize ReachOut Wireless to release my broadband usage data and other account information to USAC and the Federal Communications Commission on an anonymized basis for statistical purposes. I agree to promptly complete a questionnaire upon sign up and at the end of my broadband subsidy.
- ☐ I certify **penalty of perjury** that the information contained in this certification is true and correct to the best of my knowledge.

Applicant's Signature: _____

Date: _____



Fax to: 1-877-870-9333 Email to: enroll@reachoutmobile.com or
Mail to: ReachOut Wireless, PO Box 247168, Columbus, OH 43224-7168

___ **125 FREE Rollover Minutes** ___ **250 FREE Non-Rollover Minutes** ___ **Wireless Broadband**
(Lifeline avail. for limited time)

I certify that my household income is at or below 135% of the Federal Poverty Guidelines as indicated below:

Eligibility for Lifeline may apply if your household income is at or below 135% of the Federal Poverty Guidelines for a household of that size. Indicate which income range applies to you in the chart. You must provide proof of eligibility based on income, which can include: <ul style="list-style-type: none"> • Last year's federal or state tax return • Current income statement from an employer or paycheck stub (must cover 3 consecutive months within the previous 12 months) • A Social Security statement of benefits • A retirement/pension statement of benefits • An Unemployment/Workers' Compensation statement of benefit • Federal notice letter of participation in General Assistance • Divorce decree, child support award or other official document containing income information 	Check One	Persons in Household	Annual Income	Monthly Income
	<input type="checkbox"/>	1	\$15,080	\$1,257
	<input type="checkbox"/>	2	\$20,426	\$1,702
	<input type="checkbox"/>	3	\$25,772	\$2,148
	<input type="checkbox"/>	4	\$31,118	\$2,593
	<input type="checkbox"/>	5	\$36,464	\$3,039
	<input type="checkbox"/>	6	\$41,810	\$3,484
	<input type="checkbox"/>	7	\$47,156	\$3,930
	<input type="checkbox"/>	8	\$52,502	\$4,375
(insert # if over 8)	For each add'l person, add:	\$5,346	\$446	

Last Name: _____ First Name: _____ Middle Initial: _____

Last 4 digits of Soc. Security #: _____ Date of Birth: _____

Residential Address: _____ Apt. _____ City: _____ State: ____ Zip: _____

(no P.O. Box for res. address)

Billing Address (if different): _____ Apt. _____ City: _____ State: ____ Zip: _____

I certify that:

___ I acknowledge that Lifeline is a government assistance program and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.

___ I acknowledge that only Lifeline eligible consumers may enroll in the Lifeline Program.

___ I acknowledge that I may only receive Lifeline-discounted broadband service if no one at my household subscribes to any broadband service, even if that broadband service is not supported by Lifeline.

___ I acknowledge that only one Lifeline service is available per household, and that, to the best of my knowledge, no other person in my household is receiving a Lifeline service. (For purposes of Lifeline, a "household" is any individual or group of individuals who live together at the same address and share income and expenses.)

___ I acknowledge that a household is not permitted to receive Lifeline benefits from multiple providers and that violation of this limitation constitutes a violation of the rules of the Federal Communications Commission and will result in de-enrollment from the Lifeline program. If I am participating in another Lifeline program at the time I apply for ReachOut Wireless Lifeline service, I agree to cancel that Lifeline service with any other provider.

___ I acknowledge that Lifeline is non-transferable and that I may not transfer my benefit to any other person.

___ I acknowledge that providing false or fraudulent information to receive Lifeline benefits is punishable by law.

___ I will notify ReachOut Wireless within 30 days if for any reason I no longer satisfy the criteria for receiving Lifeline services, such as no longer participating in any of qualifying program, or if I or a member of my household receives another Lifeline benefit.

___ I acknowledge that I may be required to re-certify to my continued eligibility for Lifeline at any time, and that my failure to re-certify will result in de-enrollment and termination of my Lifeline benefits.

___ If I move to a new address, I will provide the new address to ReachOut Wireless within 30 days.

___ If I provided a temporary address, I will be required to verify my temporary address every 90 days. If I do not provide verification within 30 days, I will be de-enrolled from the Lifeline program.

___ I authorize Reachout Wireless to access any state or federal governmental records or database required to verify my statements herein and to confirm my continued eligibility for Lifeline and authorize social service agency representatives to discuss with and/or provide information to ReachOut Wireless verifying my participation in programs that qualify me for Lifeline. I also authorize ReachOut Wireless to release any records required for the administration of ReachOut Wireless's Lifeline program, including to the Universal Service Administrative Company (USAC), to be used in a Lifeline Program Database. I understand that the records are required to ensure the proper administration of the Lifeline program and that failure to provide consent will result in the applicant being denied the Lifeline service. I authorize ReachOut Wireless to release my broadband usage data and other account information to USAC and the Federal Communications Commission on an anonymized basis for statistical purposes. I agree to promptly complete a questionnaire upon sign up and at the end of my broadband subsidy.

___ I certify **penalty of perjury** that the information contained in this certification is true and correct to the best of my knowledge.

Applicant's Signature: _____ **Date** _____

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of

Lifeline and Link Up Reform and
Modernization

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WC Docket No. 11-42

I, Steven Fenker, state that I am the owner and President of Nexus Communications, Inc. ("Nexus") and as such, an Officer of the company. In this capacity, I am responsible for the overall operations of the company.


Further, in the foregoing capacity, I am personally knowledgeable for the foregoing information provided in Nexus Communications, Inc.'s Application to participate in the Commission's broadband adoption pilot program for low-income consumers. I attest under penalty of perjury that the following information concerning this Application is true and accurate to the best of my knowledge, information and belief, and that, if Nexus is selected and agrees to participate in the pilot program, that:

(A) Nexus intends to offer broadband service pursuant to the Commission's rules and regulations for the Lifeline program;

(B) Nexus will implement all necessary procedures and efforts to prevent waste, fraud and abuse in connection with its participation in the Pilot Program, including but not limited to procedures that Nexus will have in place to prevent duplicate broadband subsidies within its subscriber base, and procedures the carrier undertakes to de-enroll subscribers receiving more than one broadband discount per household;

(C) Nexus's pilot project broadband service offerings will provide sufficiently low latency to enable use of real-time applications such as Voice over Internet Protocol (VoIP). The usage limits for the plans are reasonably comparable to usage limits for comparable broadband offerings in urban areas, as described in the application; and

(D) Nexus will participate in the collection and sharing of anonymized qualitative and quantitative data with standardized data elements, formatting, and submission requirements, and Nexus will participate in workshops to discuss interim and final results of the project, and how best to use limited universal service funds to increase low-income consumers' adoption of broadband services.



Steven Fenker, President
Executed July 2, 2012

August 14, 2012

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: Lifeline Broadband Pilot Application of Nexus Communications, Inc.
WC Docket No. 11-42**

Dear Ms. Dortch:

On August 13, 2012, Steven Fenker, President of Nexus Communications, Inc. (“Nexus”) and its counsel Danielle Frappier and Paul Hudson of Davis Wright Tremaine met with Kimberly Scardino, Garnet Hanly, Jonathan Lechter and Jay Schwartz of the Telecommunications Access Policy Division of the Wireline Competition Bureau to provide the following clarifications to Nexus’ application in the above-captioned proceeding.

In its application, Nexus identified several specific geographic areas and also stated that it would make pilot offers in “other” areas within its eighteen-state wireless ETC footprint. Nexus hereby clarifies that it proposes to offer the pilot service in three additional geographic areas: California, New Jersey, and a tri-state area of Arkansas, Louisiana, and Mississippi. In the event of a lower than expected adoption rate, it is important to have a substantial pool of existing customers available to receive pilot offers to increase the likelihood of realizing the targeted 16,000 participants.

Nexus also clarified that it is not seeking to admit new pilot participants after nine months; that it will rely on the USAC data collection process rather than solicit additional information from participants; and that it will certify eligibility in compliance with the Commission’s new rules.

Nexus also advised that it would assign customers to test groups by zip code, rather than account number, so that customers in close proximity (such as persons in the same apartment complex) would not receive different offers. Nexus would still endeavor to ensure appropriate randomization of the test-group classifications.

Marlene Dortch
August 14, 2012
Page 2

At the meeting, Mr. Fenker also provided a live demonstration of the broadband service that Nexus seeks to deliver to pilot participants.

Respectfully submitted,

A handwritten signature in blue ink, reading "Danielle Frappier". The signature is written in a cursive, flowing style.

Danielle Frappier

cc: Kimberly Scardino
Garnet Hanly
Jonathan Lechter
Jay Schwartz

September 24, 2012

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: Lifeline Broadband Pilot Application of Nexus Communications, Inc.
WC Docket 11-42**

Dear Secretary Dortch:

Nexus Communications, Inc. ("Nexus") hereby provides the following amendment to its application in the above-captioned proceeding.

First, Nexus modifies its pricing plan as follows:

Plan	Data Allowance	Non-discounted Rates (Control Group) ¹	Discounted Rates (Test Group I-- \$15.00 Pilot Subsidy)	Discounted Rates (Test Group II-- \$20.00 Pilot Subsidy)
Basic	200 MB	\$24.99	\$10.00	\$5.00
Intermediate	500 MB	\$29.99	\$15.00	\$10.00
Medium	1 GB	\$39.99	\$25.00	\$20.00
Large	2 GB	\$49.99	\$35.00	\$30.00

This price structure includes a modest increase in the price and requested subsidy, as a result of changes in contract terms and availability from Nexus' potential wholesale suppliers since the date of the application. These revised rates are still in line with wireless broadband services offered in the competitive market. Under the other assumptions in the application, these

¹ See footnote 4 of Nexus' application for the explanation of the one-cent difference between its commercial rates and its control group rates.

Secretary Dortch
September 24, 2012

changes would increase the requested maximum subsidy to \$2.8 million.² However, if that amount is not available, Nexus could operate under the initial \$2 million budget request by accepting a smaller number of customers in the subsidized test groups.

Second, Nexus will offer an additional equipment option to all customers. In lieu of an aircard and computer, customers may instead choose to use a wireless refurbished smartphone handset that Nexus would provide at a price of \$49.99. This option offers a substantially lower up-front, out-of-pocket cost for lower-income consumers who do not already have personal computers. All recurring service costs and subsidies would remain the same. Nexus would report the number of customers who choose each category, giving the Commission an additional data point to discern low-income consumer preferences between handset and PC broadband when all pricing is otherwise the same.

Finally, Nexus also amends its application to reduce the price of its wireless aircard from \$50.00 to \$49.99. This change will simplify the message to potential customers regarding their equipment options: there will be a standard up-front charge of \$49.99 and they can choose to receive either an aircard or a smartphone.

Respectfully submitted,



Danielle Frappier
Counsel to Nexus Communications, Inc.

cc: Kimberly Scardino
Garnet Hanly
Jay Schwartz

² As noted in the application, Nexus assumed an average subsidy period of 10 months. 8000 customers @ \$15 subsidy x 10 months = \$1.2 million; 8000 customers @ \$20 subsidy x 10 months = \$1.6 million.

In the Matter of)
)
 Lifeline and Link Up Reform and Modernization) WC Docket No. 11-42
)
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ORDER

Adopted: December 19, 2012

Released: December 19, 2012

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, we select 14 projects to participate in the Commission's broadband adoption Lifeline pilot program (Pilot Program),¹ authorizing approximately \$13.8 million in support for rural, urban and suburban projects spanning 21 states and Puerto Rico. The selected projects will provide high-quality data to inform the Commission on how the Lifeline program could be structured to promote the adoption and retention of broadband services by low-income households.² Using a competitive selection process, we have chosen the highest-quality projects to garner statistically useful data regarding which variations in the broadband service offerings result in higher adoption rates among low-income consumers. We have selected a diversity of projects that will study the effects of varying subsidy amounts, end-user charges, access to digital literacy, data usage limits, choices for broadband speed, access to equipment and other important variables affecting broadband adoption. All of the projects are designed as statistically valid field experiments. Moreover, even as the data from the selected projects help position the Commission to reform the Lifeline program to efficiently and effectively promote the adoption and retention of broadband, the projects themselves will deliver broadband to approximately 74,000 low-income consumers.

II. BACKGROUND

2. In the *Lifeline Reform Order*, the Commission created the Pilot Program to gather high-quality data that will help identify effective approaches to increasing broadband adoption and retention by low-income consumers.³ The Commission authorized up to \$25 million to be disbursed directly to eligible telecommunications carriers (ETCs) for up to 12 months of subsidized broadband service,

¹ See generally *Lifeline and Link Up Reform and Modernization et al*, WC Dkt. Nos. 11-42 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6794-6806, paras. 321-54 (2012) (*Lifeline Reform Order*) (setting forth the framework for the 18 month Pilot Program, which includes 12 months of subsidized service); see also *Wireline Competition Bureau Announces Application Procedures and Deadline for Applications to Participate in the Broadband Adoption Lifeline Pilot Program*, Public Notice, WC Dkt. No. 11-42, 27 FCC Rcd 4840 (Wireline Comp. Bur. April 30, 2012) (*Broadband Pilot Public Notice*).

² See *Lifeline Reform Order*, 27 FCC Rcd at 6794-95, 6803, para. 323, 344 (summarizing goals of the Pilot Program which include the focus on increasing adoption by low-income consumers).

³ See *id.* at 6794-95, para. 323.

delivered either as a standalone service or as part of a bundle of voice and broadband services.⁴ The Commission delegated implementation of this Pilot Program to the Bureau, directing the Bureau to solicit applications from ETCs and their partners to participate in the Pilot Program to test the impact on broadband adoption with variations in the monthly discount (phased down over time or constant) over a 12-month period.⁵

3. On April 30, 2012, the Bureau released a Public Notice setting forth the application procedures and instituting a deadline of July 2, 2012 for submission of applications to participate in the Pilot Program (*Broadband Pilot Public Notice*).⁶ Consistent with the framework established in the *Lifeline Reform Order*, the *Broadband Pilot Public Notice* notified applicants that the Bureau would strongly favor pilot projects designed as field experiments that would test the impact on adoption of broadband service of such variables as discount amount, duration of discount, speeds, usage limits, digital literacy training, equipment and other factors affecting broadband adoption.⁷ The Bureau also encouraged applicants to partner with non-ETCs that already have existing broadband adoption programs in place that would test for other factors such as digital literacy training and access to equipment.⁸ In response to the *Broadband Pilot Public Notice*, the Bureau received 24 applications seeking over \$30 million in funding.

III. DISCUSSION

4. As directed by the Commission, the Bureau reviewed all of the applications with the goal of selecting projects for the Pilot Program to gather the most useful data possible about how best to use program funds for broadband.⁹ We selected diverse projects with different amounts and duration of subsidies, different types of geographic areas (e.g., urban, rural, Tribal) and different types of broadband technologies (e.g., fixed and mobile).¹⁰ Additionally, we considered whether applications included partners that would test different variables such as digital literacy training, the cost and type of equipment used, broadband speeds and usage limits.¹¹ We eliminated those that did not address the application criteria set forth in the *Broadband Pilot Public Notice* or that were unlikely to provide additional useful data to the Commission beyond the data provided by stronger competing applications.¹²

5. Based on our review of the applications, the Bureau selects the following pilot projects to participate in the Pilot Program (in alphabetical order).¹³

⁴ See *id.* at 6795, paras. 324-25. The Commission determined that support will be provided only for broadband services, and not for the administrative or equipment costs of the ETCs and their partners. See *id.* at 6804-05, paras. 345-49.

⁵ See *id.* at 6795, paras. 324-25.

⁶ See generally *Broadband Pilot Public Notice*, 27 FCC Rcd 4840.

⁷ See *id.* at 4841-42.

⁸ See *id.* at 4842-43; see also *Lifeline Reform Order*, 27 FCC Rcd at 6806, para. 352 (encouraging ETCs to partner with third parties such as grantees of Broadband Technology Opportunities Program (BTOP) or Broadband Initiatives Program (BIP)).

⁹ *Lifeline Reform Order*, 27 FCC Rcd at 6805, para. 350 (selecting projects that will maximize the useful information available regarding variations in broadband offerings and whether different approaches affect adoption).

¹⁰ See *id.* at 6795-96, para. 326.

¹¹ See *id.* at 6795-96, 6804-05, 6806-07, paras. 326, 349, 351-53.

¹² See generally *Broadband Pilot Public Notice*, 27 FCC Rcd 4840.

¹³ A brief description of each selected project is included in Appendix A, along with the project's budget. The ETCs that submitted the selected applications must implement their projects pursuant to the terms and conditions

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1. Frontier Communications Corporation (OH, WV)
2. Gila River Telecommunications, Inc. (AZ – Tribal)
3. Hopi Telecommunications, Inc. (AZ – Tribal)
4. National Telecommunications Cooperative Association (NTCA) Project (which includes the following ETCs: Alpine Communications (IA); and Leaco Rural Telephone (NM))
5. Nexus Communications, Inc. (OH, MI, IA, NV, CA, LA, MS, NJ)
6. Partnership for a Connected Illinois Project (which includes the following ETCs: Adams Telephone Cooperative; Cass Telephone Company; Harrisonville Telephone Company; Madison Telephone Company; Mid-Century Telephone Cooperative; Shawnee Telephone Company; and Wabash Telephone Cooperative (IL))
7. PR Wireless, Inc. (Puerto Rico)
8. Puerto Rico Telephone Company (Puerto Rico)
9. T-Mobile Puerto Rico LLC (Puerto Rico)
10. TracFone Wireless, Inc. project using smartphones (FL, MD, TX, WA, WI, MA)
11. Troy Cablevision, Inc. (AL)
12. Vermont Telephone Company, Inc. (VT)
13. Virgin Mobile USA, L.P. (MA, OH)
14. XChange Telecom Corp. (NY)

The selected projects include 5 wireless broadband projects,¹⁴ 7 wireline broadband projects,¹⁵ and 2 that will offer both wireline or wireless broadband technologies¹⁶ across 21 states and Puerto Rico.¹⁷ Additionally, out of the 14 selected pilot projects, 7 will provide discounted broadband service in rural areas,¹⁸ including 2 on Tribal lands,¹⁹ and 7 will provide discounted broadband service in urban and suburban areas.²⁰ Depending on the number of subscribers that enroll in the ETCs' broadband service plans, the 14 selected projects could serve a maximum of approximately 74,000 low-income consumers who do not currently subscribe to broadband.

7. *Field Experiments.* To ensure that the Pilot Program gathers high-quality data that will help identify effective approaches to increasing broadband adoption and retention, the Bureau encouraged applicants to submit applications for projects designed as field experiments and to include detailed

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contained within each of their applications, and any supplemental information filed in response to staff inquiry, and consistent with the framework of the Pilot Program established in the *Lifeline Reform Order*.

¹⁴ See, e.g., Allied Wireless Application, Nexus Application, PR Wireless Application, T-Mobile Application, TracFone Smartphone Application, PR Wireless and Virgin Mobile Application.

¹⁵ See, e.g., Frontier Application, Gila River Application, Hopi Telecommunications Application, Partnership for a Connected Illinois Project, NTCA Application, Troy Cablevision Application, and Vermont Telephone Application.

¹⁶ See PRT Application; XChange Application.

¹⁷ The selected projects will cover the following 21 states: California, Mississippi, Louisiana, New Jersey, Ohio, West Virginia, Arizona, Michigan, Iowa, Nevada, New Mexico, Illinois, Texas, Maryland, Florida, Wisconsin, Washington, Alabama, Vermont, Massachusetts and New York.

¹⁸ See, e.g., Frontier Application, Nexus Application, NTCA Application, Partnership for a Connected Illinois Project, Troy Cablevision Application, Vermont Telephone Application, Hopi Telecommunications Application.

¹⁹ See Gila River Application; Hopi Telecommunications Application. The Commission directed the Bureau, in coordination with the Office of Native Affairs and Policy, to select at least one project directed at providing support on Tribal lands. See *Lifeline Reform Order*, 27 FCC Rcd at 6805, para. 350.

²⁰ See, e.g., Nexus Application, PR Wireless Application, PRT Application, T-Mobile Application, TracFone Smartphone Application, Virgin Mobile Application, Gila River Application and XChange Application.

descriptions of how the applicant would randomize variations on broadband service offerings.²¹ All of the selected projects will offer variations on broadband service offerings to test various factors affecting broadband adoption (e.g., discount amount, duration of discount, speeds, usage limits, digital literacy training, cost and type of equipment used). Several of the projects with large customer bases will randomly assign potential subscribers to different broadband service offerings and thus yield valuable data regarding which variations in the broadband service offerings resulted in higher adoption rates.²² Some of the smaller projects do not randomly assign subscribers to different broadband service offerings, but offer variations in the broadband service offerings in comparable areas, which will also yield significant information on the most effective approaches to increasing adoption by low-income consumers.²³

8. The Commission has a particular interest in learning which discount plans are most effective in promoting broadband adoption and retention, which is why the Bureau has selected several projects that are carefully designed as field experiments to test subsidy amounts that could help in evaluating how best to structure a Lifeline program in the future.²⁴ The Commission has also recognized the importance of digital literacy in affecting broadband adoption, and the Bureau has selected several projects that will study the effects of access to digital literacy on broadband adoption.²⁵ Finally, the Bureau has also selected projects that offer variations in other dimensions of broadband offerings, such as access to discounted equipment, speed and usage limits to determine the extent to which such factors affect adoption.²⁶

9. *Subsidies.* In the *Lifeline Reform Order*, the Commission set forth as a goal of the Pilot Program to study the amounts and duration of broadband subsidies. Given this objective, we have selected projects that are well designed to provide useful data regarding the impact of subsidy amounts on adoption.²⁷ Of those selected, 2 projects will test whether the duration of the subsidy affects adoption by altering the discount amount during a 12-month period.²⁸ As a group, they test the effects of different subsidy levels. In the 14 selected projects, the subsidy amount from the Universal Service Fund (USF) ranges from \$5 per month to as much as \$39.95 per month, although this upper limit is reached by just one project serving Tribal lands.²⁹ Projects will test a range of monthly end-user charges, such as \$40, \$35, or \$20, with some projects testing lower charges and others testing higher charges.³⁰ All projects include some end-user charge. The choices that Pilot Program subscribers make in determining the monthly cost of service and speeds, when given an option, will provide helpful data on the amount low-income consumers are willing to pay for different speeds and levels of service.³¹

²¹ See *Broadband Pilot Public Notice*, 27 FCC Rcd at 4841.

²² See, e.g., Nexus Application, Virgin Mobile Application, XChange Application.

²³ See Troy Cablevision Application, NTCA Application.

²⁴ See, e.g., XChange Application, TracFone Smartphone Application, Nexus Application.

²⁵ See, e.g., Partnership for Connected Illinois Project, Frontier Application, Nexus Application.

²⁶ See, e.g., Hopi Telecommunications Application, Gila River Application, Virgin Mobile Application.

²⁷ See, e.g., Gila River Application, Nexus Application, TracFone Smartphone Application.

²⁸ See NTCA Application, Vermont Telephone Application.

²⁹ See PRT Application (requesting a \$5 subsidy for two of its broadband service offerings); see also Hopi Telecommunications (requesting a \$39.95 subsidy for broadband service plans offered on Tribal lands).

³⁰ See, e.g., Partnership for a Connected Illinois Project (testing a \$40 end-user charge); Nexus Application (testing a \$35 end-user charge); TracFone Smartphone Application (testing a \$20 end-user charge).

³¹ See *Lifeline Reform Order*, 27 FCC Rcd at 6802-03, para. 341 (recognizing that there is a trade-off between the performance of broadband service and its cost to consumers).

10. *Broadband Speeds.* The Commission has recognized that “[c]onsumers should have access to broadband that is capable of enabling the kinds of key applications that drive our efforts to achieve universal broadband, including education (*e.g.*, distance/online learning), healthcare (*e.g.*, remote health monitoring), and person-to-person communications (*e.g.*, VoIP or online video chat with loved ones serving overseas).”³² The Commission directed the Bureau to give preference to those projects that offer fixed broadband at speeds of 4 Mbps downstream and 1 Mbps upstream, and mobile service with an outdoor minimum of 200 kbps downstream and 50 kbps upstream for 3G and outdoor minimum of 768 kbps downstream and 200 kbps upstream for 4G, but it also provided the Bureau with discretion to select some projects at lower speeds.³³ Among the 9 selected projects offering wireline broadband service, 8 projects offer speeds at or above 4 Mbps downstream and 1 Mbps upstream in all or portions of their study areas.³⁴ All of the wireless broadband projects offer 3G or 4G-based service meeting the specified minimums. We also have chosen wireline projects that offer high-speed Internet access services below the broadband benchmark where the provider does not offer 4 Mbps service.³⁵

11. *Digital Literacy, Equipment and Entrepreneurship.* The Commission has recognized the importance of digital literacy and access to equipment in encouraging broadband adoption and in providing the tools consumers need to exploit the benefits of broadband. It directed the Bureau to give preference to projects that include partnerships with non-ETCs that test the impact of digital literacy training and equipment on adoption.³⁶ To garner data on how digital literacy training (online vs. in-person) affects broadband adoption and usage, we are selecting 4 projects that will use field experiments to test how digital literacy training affects adoption and retention.³⁷ Additionally, to test whether access to equipment or type of equipment affects broadband adoption and usage, we are selecting 5 projects that will measure adoption and subscriber usage based on type of equipment used or whether cost of equipment impacts adoption.³⁸ We are also selecting 4 projects that will promote entrepreneurs and small businesses in the provision and ownership of telecommunications and information services by selecting Tribally-owned ETCs and other small business ETCs that are socially and/or economically disadvantaged.³⁹

12. *Collection of Data on Subscriber Demographics.* To the extent possible, the Commission directed the Bureau to select projects that collect data on a number of variables such as impact of income, age, ethnicity, gender and family size.⁴⁰ We require all of the projects to collect subscriber demographics when subscribers enroll in broadband service including age and income, which can later be analyzed in

³² See *id.*

³³ See *id.* (giving the Bureau discretion to select some projects that offer broadband at speeds below the benchmark due to the challenges of offering higher speeds in some areas of the country).

³⁴ See Frontier Application, Gila River Application, NTCA Application, Partnership for a Connected Illinois Project, PRT Application, Troy Cablevision Application, Vermont Telephone Application and XChange Application.

³⁵ See Hopi Telecommunications Application; Frontier Application (in portions of its study area, 4 Mbps download and 1Mbps upload service is not available).

³⁶ See *Lifeline Reform Order*, 27 FCC Rcd at 6796, 6804-06, paras. 326, 348-49, 352.

³⁷ See, *e.g.*, Partnership for a Connected Illinois Project, Frontier Application, TracFone Smartphone Project, XChange Application.

³⁸ See, *e.g.*, Hopi Telecommunications Application, PR Wireless Application, PRT Application, Virgin Mobile Application, Gila River Application.

³⁹ See Hopi Telecommunications Application, NTCA Application, Gila River Application, Partnership for a Connected Illinois. The Commission directed the Bureau to consider whether the projects would promote entrepreneurs and other small businesses in the provision and ownership of telecommunications services and information services. See *Lifeline Reform Order*, 27 FCC Rcd at 6796, para. 326.

⁴⁰ See *Lifeline Reform Order*, 27 FCC Rcd at 6795-96, para. 326.

detail across all of the selected projects.⁴¹ Several of the projects focus on providing service within ethnic groups and have committed to provide a final report describing the lessons learned from their project.⁴² Additionally, some of the projects will partner with third parties that are skilled in offering digital literacy targeted specifically to seniors and have also committed to submit a final report with analysis of what the project participants learned through their study.⁴³ Another project will partner with the School of San Juan (elementary level school) and Colegio Universitario de San Juan (technical college) to identify the households of students that are under the 2012 Federal Poverty Guidelines and expose such families and young adults to the benefits of broadband by offering participation in the Pilot Program.⁴⁴

13. *Partnerships.* In the selection process, the Commission directed the Bureau to give preference to projects in which ETCs partner with non-ETCs in the design and implementation of their proposed projects.⁴⁵ The Commission plans to draw upon the experiences of other broadband adoption programs such as BTOP/BIP and “Connect to Compete” without duplicating their efforts and results. The Bureau has informally consulted with staff at the National Telecommunications and Information Administration (NTIA) regarding data collection and barriers to broadband adoption.⁴⁶ Several of the selected projects will partner with BTOP grantees that have experience in offering digital literacy training.⁴⁷ Additionally, several projects will partner with Connected Nation and offer discounted or free computers to participating subscribers.⁴⁸

14. *Projects Not Selected.* In order to keep the overall size of the Pilot manageable and adhere to the Commission’s directive to “select a relatively small number of projects,”⁴⁹ the Bureau narrowed its selection to the 14 applications that collectively would meet the goals established by the Commission. We are not selecting 10 applications that either (i) propose to fund items not eligible for Pilot Program support;⁵⁰ or (ii) propose to test variations on broadband adoption included in competing projects that are better designed as field experiments.⁵¹

⁴¹ See Appendix B, survey questions.

⁴² See, e.g., XChange Application at 2, 18; PR Wireless Application at 1-2, 11-12; Hopi Telecommunications Application at 2.

⁴³ See Partnership for a Connected Illinois Project at 7-13 (partnering with Connected Living which is a BTOP grantee that has focused on providing digital literacy training to seniors); see also XChange Application (partnership with Older Adults Technology Services, Inc., a BTOP grantee, to help with outreach for seniors).

⁴⁴ See PR Wireless Application at 1-3; see also T-Mobile Application (partnering with Sistema Universitario Ana G Mendez to implement a digital literacy campaign to university students).

⁴⁵ See *Lifeline Reform Order*, 27 FCC Rcd at 6806, para. 352. The Bureau also encouraged applicants to partner with experts in the design of field experiments. See *Broadband Pilot Public Notice*, 27 FCC Rcd at 4841-42.

⁴⁶ See *Lifeline Reform Order*, 27 FCC Rcd at 6796, para. 327.

⁴⁷ See, e.g., Partnership for a Connected Illinois Project at 7-11; Nexus Application at 13-15; XChange Application at 11-13.

⁴⁸ See, e.g., Hopi Telecommunications at 7, 10; Frontier Application.

⁴⁹ *Lifeline Reform Order*, 27 FCC Rcd at 6795, para. 325.

⁵⁰ See Churchill County Telephone d/b/a CC Communications Application (requesting reimbursement for equipment, administrative expenses and digital literacy in its project); Choice Communications Application (requesting reimbursement for providing services directly to schools); UTPhone Inc. (UTPhone) Application at 4 (requesting reimbursement of premise equipment including wireless router). See *supra* note 4 (explaining how the Commission determined that support will be provided only for broadband services to low-income consumers, and not for the administrative, digital literacy training or equipment costs of the ETCs and their partners).

⁵¹ See UTPPhone Application (proposing reimbursement of a \$325 activation fee and a subsidy amount without a control group and little explanation of how the Commission would obtain helpful data to the Commission); YourTel
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15. *Participation by New Adopters.* In the *Lifeline Reform Order*, the Commission directed the Bureau to ensure that all of the selected projects focus on providing service to low-income consumers who do not currently subscribe to broadband services.⁵² Given the Commission's goal of increasing broadband adoption to new adopters, the Bureau limits participation in the Pilot Program to any eligible low-income household that does not have at the time of enrollment or has not had within the 60 days prior to enrollment wireline or wireless high-speed Internet service other than a smartphone service plan. Such subscribers are precluded from receiving a subsidized smartphone service plan, but are not otherwise precluded from receiving wireline or wireless high-speed Internet service under the Pilot Program. The Bureau requires that each ETC obtain a certification from all subscribers receiving supported service under the Pilot Program that they, or anyone in their household, comply with this requirement.

16. *Certification of Consumer Eligibility for Lifeline.* In creating the Pilot Program, the Commission required that all subscribers participating in the pilot projects are eligible and qualify to receive Lifeline benefits.⁵³ As a result, all selected ETCs are required to comply with the federal requirements set forth in section 54.410 of the Commission's rules by obtaining documentation and a signed certification form from all subscribers receiving broadband service under the Pilot Program that they meet the uniform eligibility rules.⁵⁴ If an ETC enrolled subscribers for Lifeline voice service on or after June 2012 and confirmed consumers' eligibility through documentation and received a signed certification form pursuant to the requirements of section 54.410, or recertified such subscribers pursuant to the requirements of section 54.410(f), that ETC is not required to obtain another certification form.⁵⁵ It must still obtain written confirmation from such subscribers of their agreement to participate in the Pilot Program, including consent to share subscribers' anonymized data.⁵⁶

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and TerraCom Application (failing to provide a detailed explanation of how the project's design will garner helpful data); Connect To Communications, Inc. Application (proposing to test subsidy amount and impact on digital literacy similar to other competing projects that we expect to garner more statistically useful data); TAG Mobile Application (proposing to test usage limits for wireless broadband similar to other competing projects that request lower subsidy amounts; other projects also have a more carefully designed use of control groups and randomization that will also test subsidy amounts); Choice Communications Application (proposing a \$60 monthly subsidy per subscriber, which is higher than any other project, without testing any additional variables of interest to the Commission); People's Telephone Application (proposing to test start-up fees for equipment and requesting subsidy amounts that are similar to other projects that are more carefully designed as a field experiment through the use of control groups and randomization); TracFone Hotspot Application (proposing to test subsidy amounts for wireless hotspot broadband offerings that are similar to other competing projects with lower subsidy amounts and larger sample sizes); Sacred Wind and Frontier Joint Application (proposing to test subsidy amounts similar to other competing projects that have requested lower subsidy amounts, which we expect to garner more statistically useful data); Allied Wireless Application (proposing to test data usage limits for smartphone and hotspot plans that are similar to other competing projects with lower subsidy amounts and higher data usage limits).

⁵² *Lifeline Reform Order*, 27 FCC Rcd at 6803, para. 344 (concluding that "using the Pilot Program to subsidize broadband services purchased by consumers who have already adopted such services will not provide [the Commission] with sufficient and useful data about which such subsidies increase adoption").

⁵³ See *Lifeline Reform Order*, 27 FCC Rcd at 6796, para. 343.

⁵⁴ See *Broadband Pilot Program Public Notice*, 27 FCC Rcd at 4847-48.

⁵⁵ See 47 C.F.R. § 54.410 (setting forth eligibility and certification requirements). ETCs that have received a waiver of the recertification requirements contained in section 54.410(f) pursuant to the *Recertification Waiver Order* must recertify subscribers participating in the Pilot Program pursuant to the requirements of section 54.410(f). See *TracFone Wireless, Inc. Petition for Declaratory Rulemaking or in the alternative, Petition for Waiver of Section 54.410(f) of the Commission's Rules, et al.*, WC Dkt. 11-42, Order, DA 12-1927 (rel. Nov. 30, 2012) (*Recertification Waiver Order*).

⁵⁶ See *Broadband Pilot Program Public Notice*, 27 FCC Rcd at 4843.

17. *Preventing Duplicative Support.* To prevent duplicate broadband subsidies within the jurisdictions where we have selected more than one broadband pilot project (i.e., Puerto Rico, Ohio, Massachusetts, Iowa), we require the ETCs offering broadband service pursuant to the terms of the Pilot Program to obtain written confirmation from subscribers that they are not currently subscribing to broadband from any other ETC under the Pilot Program.⁵⁷

18. *Broadband Pilot Trial Period.* The Pilot Program is an 18-month trial period, which will begin February 1, 2013, with 3 months for ETCs to implement necessary back-office functions, up to 12 months of subsidized service, and 3 months for finalization of data collection and analysis.⁵⁸ As explained in the *Broadband Pilot Public Notice*, the first three months of the trial period will allow ETCs to implement back-office functions, but ETCs have the option to begin offering the subsidized broadband service at any time during the first three months of the 18-month trial period.⁵⁹ However, subscribers participating in the Pilot Program are limited in receiving a maximum of 12 months of subsidized broadband service.⁶⁰ Additionally, we expect all subscribers to be enrolled within nine months of the commencement of the trial period, or no later than November 1, 2013.⁶¹

19. *Broadband Pilot Reimbursement Procedures.* In order to receive reimbursement from the Universal Service Fund, the ETCs selected to participate in the Pilot Program are required to complete the Low Income Broadband Reimbursement Form on a monthly basis and submit it to Universal Service Administrative Company (USAC), similar to the process for Lifeline reimbursement, for (i) any monthly discount of broadband service, and (ii) any non-recurring fees for broadband provided to subscribers participating in the Pilot Program and approved as part of the pilot project. If an ETC participating in the Pilot Program offers voice and broadband bundled service, it should claim the Lifeline reimbursement for voice telephony service on the FCC Form 497 and claim reimbursement for the subsidized broadband service using the Low Income Broadband Reimbursement Form.⁶²

20. *Broadband Pilot Data Collection.* As a condition to participating in the Pilot Program, ETCs are required to commit to robust data gathering and sharing of subscribers' anonymized data.⁶³ All of the ETCs participating in the Pilot Program are required to obtain subscribers' consent to the collection and sharing of the information contained in the Low Income Broadband Pilot Program Reporting Form,

⁵⁷ When obtaining written confirmation from subscribers that they are not currently subscribing to broadband from any other ETC in the Pilot Program, the ETCs must list by name the other ETCs, by trade name, that are pilot participants in the overlapping jurisdictions.

⁵⁸ See *Lifeline Reform Order*, 27 FCC Rcd at 6795, para. 325. Although the Commission directed the Bureau to fund the pilot projects "for up to 18 months from the time the Bureau announces the selection of the pilot projects," see *id.* at 6801, para. 337, it also authorized the Bureau to grant up to 6 additional months for projects to start up and wind down, provided that no project would offer more than 12 months of reduced-price services, *id.* We conclude that it would be preferable for administrative reasons for the 18-month period to begin on February 1, 2013, rather than immediately upon release of this order, given that carriers are completing the recertification process through the end of December 2012 and will be filing their recertification reports with USAC on January 31, 2013.

⁵⁹ See *Broadband Pilot Public Notice*, 27 FCC Rcd at 4843-44.

⁶⁰ See *Lifeline Reform Order*, 27 FCC Rcd at 6795, paras. 324-25.

⁶¹ See *Broadband Pilot Public Notice*, 27 FCC Rcd at 4843-44.

⁶² In the *Broadband Pilot Public Notice*, the Bureau informed applicants that if they are selected for the Pilot Program, they should use the Low Income Broadband Reimbursement Form to seek reimbursement for the applicable discount amount for voice telephony service if the broadband subscriber is also subscribing to voice telephony service under the Lifeline program. See *Broadband Pilot Public Notice*, 27 FCC Rcd at 4848. After further deliberation, the Bureau directs ETCs participating in the Pilot Program to seek reimbursement for Lifeline voice telephony service using the FCC Form 497 for its pilot project subscribers.

⁶³ See *Lifeline Reform Order*, 27 FCC Rcd at 6800-01, para. 336.

in anonymized form, prior to the subscribers receiving the subsidized broadband service.⁶⁴ Every ETC is required to submit the project-level information to USAC as specified in the Low Income Broadband Pilot Program Reporting Form attached as Appendix B.⁶⁵ In the *Broadband Pilot Public Notice*, the Bureau gave ETCs the option of collecting the data detailing subscriber demographics and broadband usage pursuant to the uniform set of questions set forth in the Low Income Broadband Pilot Program Reporting Form, which is attached as Appendix B, either directly from subscribers themselves or to request that USAC collect such information from the ETCs' subscribers through an online survey.⁶⁶ For those pilot projects in which the ETCs requested USAC to collect subscriber data, USAC will send to the ETCs an Internet link to an online survey, which ETCs, in turn, will send to participating subscribers. Upon completion of the online survey, the information will be forwarded to USAC labeled by the unique subscriber identifier, which is assigned by the ETC in conformance with a numbering convention established by USAC. We also expect those pilot projects that are choosing to collect the subscriber data directly from subscribers themselves to submit such information pursuant to the timelines specified in the Low Income Broadband Pilot Program Reporting Form.⁶⁷

21. ETCs participating in the Pilot Program are required to participate in workshops to discuss interim and final results of the individual projects during the course of the 18-month trial period.⁶⁸ Within three months after the conclusion of the 12-month period of offering subsidized broadband service, ETCs and their partners are strongly encouraged to submit a report describing in detail any data collected in addition to the data specified in Appendix B and a narrative describing the lessons learned from the Pilot Program, which may assist the Commission in modernizing the Lifeline program to promote the adoption and retention of broadband services by low-income households.⁶⁹

⁶⁴ See *id.*; see also Appendix B, Blocks E-H (requiring that ETCs notify participating subscribers that they must submit certain subscriber information or direct USAC to collect such information, as a condition to receiving the discounted broadband service). Within 30 days after a subscriber enrolls in discounted broadband service, the subscriber must submit the information contained in Block G of the Low Income Broadband Pilot Program Reporting Form to either the ETC or USAC. If such subscribers do not submit the information contained in Block G, USAC will have the authority to deny reimbursement of funding from the ETC for those subscribers until they complete the survey information.

⁶⁵ See Appendix B, Blocks A, B, C, and D.

⁶⁶ See *Broadband Pilot Public Notice*, 27 Rcd at 4841.

⁶⁷ See Appendix B, Low Income Broadband Pilot Program Reporting Form. All subscribers for which the ETC seeks reimbursement from USAC are required to have completed the information contained in Block G within 30 days after enrollment in the discounted broadband service. When each ETC submits its requests for reimbursement to USAC using the Low Income Pilot Program Reimbursement Form, it shall attach a list of unique subscriber identifying numbers, which are anonymized numbers assigned to each subscriber, and that list shall specify whether each subscriber has completed Block G within 30 days after enrollment.

⁶⁸ See *Lifeline Reform Order*, 27 FCC Rcd at 6807, para. 354.

⁶⁹ See *id.* at 6795, para. 325 (explaining how the last three months of the ETC's project should focus on finalizing data collection and analysis).

IV. ORDERING CLAUSE

22. ACCORDINGLY, IT IS ORDERED that, pursuant to the authority contained in sections 1, 2, 4(i), 4(j), 5(c), and 254 of the Communications Act of 1934, and section 706 of the Telecommunications Act of 1996, 47 U.S.C. §§ 151, 152, 154(i), 154(j), 155, 214, 1302, and pursuant to authority delegated in sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and paragraphs 323-354 of the *Lifeline Reform Order*, this order is ADOPTED.

FEDERAL COMMUNICATIONS COMMISSION

Julie A. Veach
Chief
Wireline Competition Bureau

APPENDIX A

Brief Project Description of the Selected Pilot Program Projects

1. Frontier (OH, WV): The project will study the impact of financial incentives to take digital literacy training on broadband adoption.

Frontier, in partnership with Connect Ohio (a subsidiary of Connected Nation) and Mission West Virginia, will test whether offering financial incentives increases the likelihood that subscribers will take digital literacy training. Frontier will permit subscribers to choose from three offers within the pilot project. The first is a \$20 monthly subsidy off a range of wireline broadband plans. The second requires participation in a digital literacy program and receives a \$30 monthly subsidy and a waiver of the \$34.99 non-recurring charge. The third choice requires participation in a digital literacy program in order to receive the \$20 monthly subsidy and a free computer. For the second and third offers, Frontier will have a test group in which subscribers are required to take training, and a control group, in which subscribers are encouraged to take training but will not receive incentives for doing so. This project is unique in testing whether a financial incentive to take digital literacy training can help in overcoming adoption hurdles (e.g., addressing relevance, privacy concerns). Lifeline support for this project will not exceed \$418,122, and includes reimbursement for non-recurring fees.⁷⁰

2. Gila River Telecommunications, Inc. (AZ – Tribal): The project will study the effects of varying subsidy amounts and choices for speed.

Gila River, in partnership with NeoNova Network Services, Inc., Tinhorn Consulting and Letha Lamb, will test the effect of subsidy amounts, access to discounted equipment and broadband speeds on adoption by randomly assigning subscribers into five groups based on different price points, speed and access to equipment, which includes the use of a control group. The subsidy amounts for the broadband plans range from \$23.24 to \$38.24 with varying speeds. Gila River will track which consumers choose to participate based on the variations in broadband service. Lifeline support for this project will not exceed \$323,100, and includes reimbursement for non-recurring fees.⁷¹

3. Hopi Telecommunications, Inc. (AZ – Tribal): The project will study the effects of varying end-user charges based on speed and access to discounted equipment.

Hopi, in partnership with Connected Nation, will test the effect of subsidy amounts, access to discounted equipment and broadband speeds on adoption by offering a flat subsidy of \$39.95 for three different plans with variations on end-user charge depending on speed, and access to discounted equipment. Hopi Telecommunications will be able to report on which prices were more effective in increasing adoption and the impacts on having access to discounted

⁷⁰ See Frontier Communications Application to Participate in the FCC's Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed July 2, 2012) (Frontier Application); *see also* Supplement to Frontier Application, WC Dkt. 11-42 (filed August 22, 2012); Frontier Application, Unredacted Version (filed August 29, 2012); Second Supplement to Frontier Application, WC Dkt. 11-42 (filed September 26, 2012).

⁷¹ See Gila River Telecommunications, Inc. Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed June 29, 2012) (Gila River Application).

equipment. Lifeline support for this project will not exceed \$226,752, with no reimbursement for non-recurring fees.⁷²

4. NTCA Application (IA, NM): The project will study the effects of decreasing subsidy amounts over the year.

The NTCA Application, which includes Alpine Communications (IA) and Leaco Rural Telephone (NM), in partnership with Connected Nation, will test subsidy design by offering a range of wireline broadband plans in one state with a flat subsidy amount of \$25 per month for all 12 months and offering a range of wireline broadband plans in another state with a sliding scale subsidy that is initially \$40 per month for the first quarter and is reduced each quarter thereafter in increments of \$10, with the last quarter providing a subsidy of \$10 per month, thereby increasing the monthly end-user charge by \$30. Lifeline support for this project will not exceed \$202,652, and includes reimbursement for non-recurring fees. The budget is broken-up between the ETCs as follows: Alpine Communications' budget will not exceed \$35,995; and Leaco Rural Telephone's budget will not exceed \$166,657.⁷³

5. Nexus (OH, MI, IA, NV, CA, LA, MS, NJ): The project will study the effects of varying subsidy amounts, usage limits and access to digital literacy.

Nexus, in partnership with Connect Ohio, will test the effect of subsidy amounts and digital literacy on adoption by giving one group of subscribers a \$15 subsidy, a second group \$20 and a third no subsidy (groups are offered plans based on zip code). These subsidies will lower the offered price by the subsidy amount for a menu of plans, which are varied based on usage limits. By allowing customers to select their usage limits, Nexus will be able to report subscribers' willingness to pay for data limit increases and also learn if subscribers were satisfied retrospectively with their choice. Lifeline support for this project will not exceed \$2,800,000, with no reimbursement for non-recurring fees.⁷⁴

6. Partnership for a Connected Illinois Project (IL): The project will study the effects of access to digital literacy and consumers' choice among plans offering varying speed.

The Partnership for a Connected Illinois Project⁷⁵, in partnership with Connected Living, Inc., Citizens Utility Board, and John B. Horrigan, will focus on studying the impact of digital literacy on adoption among the member ETCs by tracking usage and retention of service during the 12 month pilot to determine if such training helps subscribers overcome adoption hurdles (e.g., relevance, privacy concerns). This project will test the impact of digital literacy by offering one group of subscribers a flat rate \$30 subsidy for 12 months off each of the ETCs'

⁷² See Hopi Telecommunications, Inc. Application for the FCC's Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed July 9, 2012) (Hopi Application); *see also* Supplement to Hopi Application, WC Dkt. 11-42 (filed August 27, 2012); Second Supplement to Hopi Application, WC Dkt. 11-42 (filed October 2, 2012).

⁷³ See Amendment to Application of Rural Carriers, WC Dkt. 11-42 (filed August 21, 2012) (NTCA Application); *see also* Supplement to NTCA Application, WC Dkt. 11-42 (filed September 24, 2012).

⁷⁴ See Application of Nexus Communications, Inc., WC Dkt. 11-42 (filed July 2, 2012) (Nexus Application); *see also* Supplement to Nexus Application, WC Dkt. 11-42 (filed August 22, 2012); Second Supplement to Nexus Application, WC Dkt. 11-42 (filed September 24, 2012).

⁷⁵ The Partnership for a Connected Illinois Project is comprised of Adams Telephone Cooperative, Cass Telephone Company, Harrisonville Telephone Company, Madison Telephone Company, Mid-Century Telephone Cooperative, Shawnee Telephone Company, and Wabash Telephone Cooperative.

broadband plans that are priced based on speed, as well as intensive digital literacy training, and a second group of subscribers will receive the same \$30 subsidy but will not receive an offer for digital literacy training. The project will also study the choices subscribers make in determining speeds because they will be allowed to choose from speed packages offered by each participating ETC. Lifeline support will not exceed \$1,514,284, and includes reimbursement for non-recurring fees for each ETC.⁷⁶

7. PR Wireless (Puerto Rico): The project will study the effects of providing a subsidy amount and access to different types of equipment.

PR Wireless, in partnership with Connected Nation, will test the effects of subsidy amounts and access to equipment on adoption by offering one group of consumers subsidized broadband and a second control group no subsidy. PR Wireless will offer a flat subsidy of \$25 off five different wireless broadband plans, each with the same end-user charge and usage limits, but with access to different equipment (*e.g.*, USB modem, hotspot modem (mi-fi), tablet, laptop, desktop) that the subscriber would pay for at a discounted amount. The study will collect data on how the type of equipment impacts data usage and adoption. Lifeline support for this project will not exceed \$661,613, and includes reimbursement for non-recurring fees.⁷⁷

8. Puerto Rico Telephone Company (PRT) (Puerto Rico): The project will examine consumers' choice of wireline or wireless broadband, speeds for wireline broadband and usage limits for wireless broadband.

PRT, in partnership with The Research Office, Inc., will test consumers' preference for wireless or wireline broadband, and usage limits by offering subscribers the option to choose among four different project offerings with differing end-user prices. One option gives consumers the choice of wireline broadband that is bundled with wireline voice service at speeds of either 2 Mbps download, 1 Mbps upload or 4 Mbps download, 1 Mbps upload. PRT will offer consumers a \$5 subsidy off the wireline broadband plans. The other three project offerings give consumers the option of purchasing a wireless broadband plan with different usage limits of either 2 GB or 3 GB, that is either stand-alone broadband or bundled with wireline voice service. PRT will offer consumers the option of a \$5 subsidy off the bundled wireless plan, or \$18.50 off the stand-alone broadband plans. Lifeline support for this project will not exceed \$2,500,000, with no reimbursement for non-recurring fees.⁷⁸

⁷⁶ The budget for this project is broken up between the ETCs as follows: Adams Telephone Cooperative's budget will not exceed \$458,340; Cass Telephone Company's budget will not exceed \$497,640; Harrisonville Telephone Company's budget will not exceed \$90,587; Madison Telephone Company's budget will not exceed \$155,248; Mid-Century Telephone Cooperative budget will not exceed \$75,239; Shawnee Telephone Company's budget will not exceed \$85,260; and Wabash Telephone Cooperative's budget will not exceed \$151,970. *See* Partnership for a Connected Illinois Project Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed July 2, 2012) (Partnership for a Connected Illinois Project); *see also* Supplement to Partnership for a Connected Illinois Project, WC Dkt. 11-42 (filed August 28, 2012); Second Supplement, WC Dkt. 11-42 (filed September 26, 2012).

⁷⁷ *See* PR Wireless Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed July 2, 2012) (PR Wireless Application); *see also* Supplement to PR Wireless Application, WC Dkt. 11-42 (filed August 3, 2012); Second Supplement to PR Wireless Application, WC Dkt. 11-42 (filed September 25, 2012).

⁷⁸ *See* Puerto Rico Telephone Company, Inc. Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed July 2, 2012) (PRT Application); *see also* Supplement to PRT Application, WC Dkt. 11-42 (filed August 16, 2012); Second Supplement to PRT Application, WC Dkt. 11-42 (filed August 30, 2012).

9. T-Mobile Puerto Rico LLC (T-Mobile) (Puerto Rico): The project will study the effects of outreach methods and varying usage limits.

T-Mobile, in partnership with Sistema Universitario Ana G Mendez and Centro Para Puerto Rico, will test certain advertising and outreach methods to determine which type of outreach most effectively increases broadband adoption. T-Mobile will offer a flat-rate subsidy of \$20 off broadband plans with varying usage limits. The budget for this project will not exceed \$505,400, with no reimbursement for non-recurring fees.⁷⁹

10. TracFone Smartphone Project (FL, MD, TX, WA, WI, MA): The project will study the effects of subsidy amounts and discounted hardware.

TracFone, in partnership with Technology Goes Home, will test the effect of both discounted price and hardware cost on mobile broadband adoption and retention using four variations in its broadband service plans and one control group randomly assigned over a large, geographically diverse sample. By offering varying combinations of free or discounted hardware and \$10 or \$20 per month service, low-income customers' sensitivity to upfront and ongoing prices can be measured. By comparing the two variations in offers with the control group, which is priced at market rate, TracFone will be able to estimate the take-rate for each price point with 2 GB on data limits. Lifeline support for this project will not exceed \$915,000, with no reimbursement for non-recurring fees.⁸⁰

11. Troy Cablevision (AL): The project will study the effects of two different subsidy amounts.

Troy Cablevision, in partnership with the Alabama Department of Economic and Community Affairs and ICF International, will test the effects of subsidy amounts on adoption by offering a \$14 subsidy off a wireline broadband plan within two counties and offer a \$24 discount off the same wireline broadband plan in two separate counties. Lifeline support for this project will not exceed \$448,130, and includes reimbursement for non-recurring fees.⁸¹

12. Vermont Telephone (VT): The project will study the effect of increasing end user prices on retention.

Vermont Telephone, in partnership with Connected Nation, will test subsidy design and amounts by offering two different wireline broadband plans. Normally, Vermont Telephone's retail plans provide a lower rate during the first 6 months, and then increase to a higher monthly charge. For one plan, they will maintain a uniform \$9.95 end-user charge for the full 12 months. For the second plan, they will test a \$9.95 end-user charge for the first three months,

⁷⁹ See T-Mobile Puerto Rico, LLC Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed July 2, 2012) (T-Mobile Application); *see also* Supplement to T-Mobile Application, WC Dkt. 11-42 (filed August 15, 2012).

⁸⁰ See TracFone Wireless, Inc.'s Application to Participate in the Broadband Adoption Lifeline Pilot Program for Smartphones, WC Dkt. 11-42 (filed July 2, 2012) (TracFone Smartphone Application); *see also* Supplement to TracFone Smartphone Application, WC Dkt. 11-42 (filed August 27, 2012); Second Supplement to TracFone Smartphone Application, WC Dkt. 11-42 (filed September 24, 2012); Third Supplement to TracFone Smartphone Application, WC Dkt. 11-42 (filed September 27, 2012).

⁸¹ See Troy Cablevision, Inc. Application for Low Income Broadband Pilot Program, WC Dkt. 11-42 (filed July 2, 2012) (Troy Cablevision Application); *see also* Supplement to Troy Cablevision Application, WC Dkt. 11-42 (filed August 10, 2012); Second Supplement to Troy Cablevision Application, WC Dkt. 11-42 (filed August 30, 2012).

followed by a \$14.95 end-user charge for the remaining 9 months. Lifeline support for this project will not exceed \$150,000, with no reimbursement for non-recurring fees.⁸²

13. Virgin Mobile (MA, OH): The project will study the effects of subsidy amounts and discounted equipment.

Virgin Mobile, in partnership with Technology Goes Home, will test the effect on adoption and retention of discounted prices and device costs by randomly offering one of four treatment groups to a large, geographically diverse sample. Two groups of subscribers will pay \$20 while another two groups of subscribers will pay \$0 with a \$20 activation fee. This project will provide information on customers' relative sensitivity to upfront and ongoing costs, as well as the expected subscribership increase from a lower cost offering. This will also provide information on adoption and data usage. Lifeline support for this project will not exceed \$1,200,000, with no reimbursement for non-recurring fees.⁸³

14. XChange (NY): The project will study the effects of varying subsidy amounts.

XChange, in partnership with the New York City Housing Authority, Older Adults Technology Services, City University of New York Computer Sciences Department and School of Public Affairs, Baruch College, and City University of New York, will focus on offering digital literacy to seniors, and will test a range of subsidy amounts of \$10, \$15 and \$20, by randomizing three different broadband plans priced at \$4.99, \$9.99 and \$19.99 based on buildings and neighborhoods in Central Brooklyn, New York. XChange will employ three different broadband technologies (two wireline plans and one fixed-wireless plan). Lifeline support for this project will not exceed \$1,897,320, and includes reimbursement for non-recurring fees.⁸⁴

⁸² See Vermont Telephone Company, Inc. Application to Participate in Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed July 2, 2012) (Vermont Telephone Application) *see also* Supplement to Vermont Telephone Application (filed September 5, 2012).

⁸³ See Virgin Mobile USA, L.P. Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed July 2, 2012) (Virgin Mobile Application); *see also* Supplement to Virgin Mobile Application, WC Dkt. 11-42 (filed August 31, 2012); Second Supplement to Virgin Mobile Application, WC Dkt. 11-42 (filed September 7, 2012); Third Supplement to Virgin Mobile Application, WC Dkt. 11-42 (filed September 24, 2012).

⁸⁴ See XChange Telecom Corp. Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Dkt. 11-42 (filed July 2, 2012) (XChange Application); *see also* Supplement to XChange Application, WC Dkt. 11-42 (filed August 17, 2012).

APPENDIX B

Low Income Broadband Pilot Program Reporting Form

**COMPANY INFORMATION PROVIDED BY ETC WITH EACH SUBMISSION TO USAC
BLOCK A**

Each ETC is required to submit the company specific information contained in block "Identifying Information - Block A" for each submission to USAC. All raw data that the ETC submits may be submitted as an Excel or CSV file.

Block A	Question	Response	Notes
	Service Provider Identification Number (SPIN)		
	Study Area Code(s) (SAC)		
	FCC Registration Number (FRN)		
	Legal Company Name and d/b/a		
	Company Mailing Address		
	Company Telephone Number		
	Company Fax number		
	Company Contact Email Address		
	Reporting Date		
	Company Contact Name		
	List of Project Code Identifiers in Pilot Project		Each variation of a proposed broadband service offering that an ETC offers in its project will be assigned a separate project code identifier by USAC (Project Code Identifier).

**PROJECT-LEVEL INFORMATION PROVIDED BY ETC
BLOCK B**

Each ETC is required to submit information contained in block "Broadband Service Offering Information - Block B" to USAC once, at the beginning of the ETC's project for each Project Code Identifier.

Block B Broadband Service Offering Information	Question	Response	Notes
	Project Code Identifier		Identifies the study group in terms of discount plans
	List of geographic areas (e.g., census tract, wire center, study area) receiving this variation of the broadband service offering		Identifies relevant geographies being treated in study
	Zip Codes receiving this variation of broadband service offering		List all zip codes fully or partially in this variation of broadband offering

PROJECT-LEVEL INFORMATION PROVIDED BY ETC BLOCK C

Each ETC is required to submit information contained in block "Project Information - Block C," to USAC once, at the beginning of the ETC's project for each Project Code Identifier.

Block C	Question		Response		Notes	
	Maximum number of months discount is available		0 - 12		Number of months discount is offered in study	
Project Information	Type of service offering		Bundled Voice & BB; Stand-alone BB			
	Technology used		Mobile, Fixed-wireless, Wireline (Telco or Cable), Other (indicate)			
	Broadband speed provided		specify upload and download speed		Provide advertised speeds.	
	Monthly usage limit, if any		GB/month		If usage limits do not apply, respond with N/A.	
	If monthly usage limit applies, whether overage charges apply and if so, specify rate amount		\$		If usage limits do not apply, respond with N/A. If overage charges do not apply, respond with N/A	
	If monthly usage limit applies with no overage charges, specify whether service is discontinued or broadband speed is reduced		Discontinued service, broadband speed is reduced, none of the above (specify)		If usage limits do not apply, respond with N/A. If overage charges apply for exceeding usage limits, respond with N/A.	
	Monthly broadband discount amount		\$			
	Monthly cost to subscriber for broadband service after discount		\$			
	Amount of discount provided to reduce or eliminate non-recurring fee(s), if any		\$			
	Amount of non-recurring fees, if any, charged to subscriber after discount		\$			
	Amount of discount for equipment provided to subscriber by ETC, if any		\$		If subscriber receives equipment at no cost, please include value of equipment given to subscriber	

	Cost to subscriber of equipment provided by ETC that is used for broadband after discount	\$		
	Digital literacy training offered as part of broadband service offering	Yes/No		

**PROJECT-LEVEL INFORMATION PROVIDED BY ETC
BLOCK D**

Each ETC is required to submit information contained in block "Aggregate Population Information for Variations of Broadband Service Offering - Block D" to USAC on a quarterly basis for each Project Code Identifier. If necessary provide a best estimate.

Block D	Question	Response	Notes	
			Identifies the study group in terms of discount plans	Estimate if necessary, explaining your assumptions
Aggregate Population Information for Variation of Broadband Service Offering	Project Code Identifier			
	Total number of Lifeline eligible subscribers in study population			Estimate if necessary, explaining your assumptions
	Total number of eligible subscribers offered this variation of broadband service during the pilot			Estimate if necessary, explaining your assumptions
	Total number of subscribers enrolled in the offered discount during the first month of the quarter			
	Total number of subscribers enrolled in the discount during the second month of the quarter			
	Total number of subscribers enrolled in the offered discount during the third month of the quarter			
	Total number of subscribers that have de-enrolled in the offered discount during the first month of the quarter			

	Total number of subscribers that have de-enrolled in the offered discount during the second month of the quarter		
	Total number of subscribers that have de-enrolled in the offered discount during third month of the quarter		

SUBSCRIBER-LEVEL INFORMATION PROVIDED BY ETC BLOCK E

Each ETC is required to submit the information contained in block "Enrollment Information - Block E" to USAC when all subscribers have enrolled in the ETC's project. Each subscriber must have a unique identifier, which will be used throughout the study, assigned by the ETC (Unique Subscriber Identifier).

Block E	Question	Response	Notes
Enrollment Information	Unique Subscriber Identifier		Unique, anonymized identifier assigned by ETC
	Project Code Identifier		Identifies the subscriber's study group in terms of discount plan
	Geographic Area		
	Zip code(s)		
	Date Subscribed	MM/DD/YY	
	Digital Literacy Program Offered?	Yes/No	
	Digital Literacy Offer Accepted at Enrollment?	Yes/No	Only enter if literacy program is offered to subscriber

Provided by ETC

SUBSCRIBER-LEVEL INFORMATION PROVIDED BY ETC BLOCK F

Each ETC is required to submit the information contained in block "Follow-Up and Retention Information – Block F" based on subscriber records within three months after the subscriber received the last discount in the pilot. Each subscriber must have a unique identifier, which will be used throughout the study, assigned by the ETC (Unique Subscriber Identifier).

Block F			Response		Notes
Follow-Up and Retention Information			Question	Response	Notes
			Unique Subscriber Identifier		Unique, anonymized identifier assigned by the ETC
			Project Code Identifier		Identifies the subscriber's study group in terms of discount plan
			Did the subscriber participate in the study for the full duration of the program?	Yes/No	
			Number of months of discount <i>actually</i> received	0-12	
			If not currently subscribing, date service ended	MM/DD/YY	If customer ended service, indicate date ended
			Did subscriber retain service with the ETC in the first month following the last discount (i.e. the first unsubsidized month)?	Yes/No	
			Did subscriber retain service with the ETC in the second month following the last discount (i.e. the second unsubsidized month)?	Yes/No	
			Did subscriber retain service with the ETC in the third month following the last discount (i.e. the third unsubsidized month)?	Yes/No	

Provided by ETC

SUBSCRIBER-LEVEL INFORMATION COLLECTED FROM THE SUBSCRIBER BLOCK G

Each ETC, or USAC if the ETC requests, is required to collect the information contained in block "Subscriber-Provided Information at Enrollment – Block G" directly from each subscriber prior to providing a discount and submit when all subscribers have enrolled in the project. ETCs have the option of having USAC collect this information through an electronic, online survey at enrollment; subscribers must consent to collection and sharing of this information in order to receive any discount. Each subscriber must have a unique identifier, which will be used throughout the study, assigned by the ETC (Unique Subscriber Identifier).

Block G		Question	Response	Notes
Subscriber-Provided Information at Enrollment				
		Unique Subscriber Identifier		Unique, anonymized identifier assigned by the ETC
		Project Code Identifier		Identifies the subscriber's study group in terms of discount plan
		Subscriber Age		
		Ages of household members		
		Number of household members using subsidized broadband		
		In 2011, what was this household's total income before taxes?	Less than \$5,000, \$5000-\$9999 \$10,000-\$20,000, \$20,001-\$30,000, \$30,001 or more, Not Determined	

Collected from Subscriber

Equipment expected to be used with broadband service - choose multiple	Desktop Computer, Laptop/netbook computer, Tablet, Mobile device (smartphone), mobile broadband modem (aircard)	
Has this consumer subscribed to broadband in the past?	Never, Within last 3 months, Within last 6 months, Within last 12 months, More than 12 months ago	
Reasons for not previously obtaining broadband - can choose more than one	Monthly cost too expensive, didn't use service, don't know how to use computer/Internet, uncomfortable with Internet (e.g. privacy concerns, dangerous for children), happy with dial-up, could access Internet elsewhere, other – specify	
If subscriber previously subscribed to broadband, but dropped service, reason for dropping (can choose more than one response)	Monthly cost too expensive, didn't use service, the equipment no longer worked, don't know how to use computer/Internet, uncomfortable with Internet (e.g. privacy concerns, dangerous for children), happy with dial-up, could access Internet elsewhere	Answer NA if previous answer is "Never"

	Reason(s) for use of Internet (can choose more than one response)	Want to stay in touch with family and friends, children need it for school, subscriber needs it for school, want to access music, movies and other entertainment, children want internet access, get health care or medical information, job required online access, need it for job searches, want to share photos or videos with family and friends, internet provider offered a good price for the service, use for daily activities (e.g. check bus schedule), other -- - specify	
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SUBSCRIBER-LEVEL INFORMATION COLLECTED FROM THE SUBSCRIBER
BLOCK H

Each ETC, or USAC if the ETC requests, must collect the information contained in block “Follow-up and Subscriber Usage Information – Block H” from the subscriber no later than the end of the project. ETCs have the option of having USAC collect this information through an electronic, online survey; subscribers must consent to collection and sharing of this information in order to continue receiving any discounted broadband service. Each subscriber must have a unique identifier, which will be used throughout the study, assigned by the ETC (Unique Subscriber Identifier).

Block H	Question	Response	Notes
Follow-Up and Subscriber-Usage Information	Unique Subscriber Identifier		Unique, anonymized identifier assigned by the ETC
	Project Code Identifier		Identifies the subscriber's study group in terms of discount plan
	Number of Household members using discounted broadband service		

Collected from Subscriber

Subscriber use of Internet (can choose more than one response)	Want to stay in touch with family and friends, children need it for school, subscriber needs it for school, want to access music, movies and other entertainment, children want internet access, job required online access, need it for job searches, want to share photos or videos with family and friends, internet provider offered a good price for the service, use for daily activities (paying bills), other --- specify		
	Did the subscriber participate or is currently participating in any training programs so he/she can better use a computer and the Internet?	No training class taken, currently taking a training class, completed a training class	
	Equipment used with service (can choose more than one response)	Desktop Computer, Laptop Computer (includes netbook), Tablet, Mobile Device (Smartphone) Mobile Broadband Modem (aircard)	

APPENDIX C**List of Submitted Applications**

1. Allied Wireless
2. Choice Communications
3. Churchhill County Telephone d/b/a CC Communications
4. ConnectTo Communications, Inc.
5. Frontier
6. Gila River Telecommunications, Inc.
7. Hopi Telecommunications, Inc.
8. Nexus
9. NTCA Project (Adams Telephone Cooperative, Alpine Long Distance, LC, Leaco Rural Telephone Cooperative, Madison Telephone Company, Mid Century Telephone Cooperative)
10. Partnership for a Connected Illinois Project (Adams Telephone Cooperative, Cass Telephone Company, Harrisonville Telephone Company, Madison Telephone Company, Mid Century Telephone Cooperative, Shawnee Telephone Company, Wabash Telephone Cooperative)
11. Peoples Telephone
12. PR Wireless
13. PRT
14. Sacred Wind and Frontier
15. TAG Mobile
16. T-Mobile
17. TracFone Hotspot Project
18. TracFone Smartphone Project
19. Troy Cablevision
20. UTPhone, Inc.
21. Vermont Telephone
22. Virgin Mobile
23. XChange
24. YourTel America, Inc. and TerraCom Inc.