

**BEFORE THE MASSACHUSETTS DEPARTMENT
OF TELECOMMUNICATIONS AND CABLE**

Investigation by the Department on its Own)	D.T.C. 10-3
Motion into the Lifeline and Link-Up)	
<u>Programs for Massachusetts Telephone Customers</u>)	FILED: October 14, 2010

COMMENTS OF VIRGIN MOBILE USA, L.P.

I. INTRODUCTION

On September 17, 2010, the Department of Telecommunications and Cable (“Department”) issued an Order, on its own motion, opening the above captioned docket. The Department simultaneously issued a Request for Comments and Notice of Public Hearing. Therein the Department requested that interested parties provide the Department with comments on identified issues relevant to Lifeline and Link-Up programs in Massachusetts. The Department identified Virgin Mobile USA, L.P. (“Virgin Mobile”) as a party on its initial service list. Virgin Mobile hereby submits the following comments in the above-captioned proceeding.

Virgin Mobile currently provides Lifeline telecommunications services to eligible customers in eleven states through its Assurance Wireless by Virgin Mobile branded prepaid wireless service. Virgin Mobile launched its Assurance Wireless by Virgin Mobile Lifeline program in December 2009 in four states for which eligible telecommunications carrier (“ETC”) status was sought and granted by the Federal Communications Commission exclusively for Lifeline: New York, North Carolina, Tennessee and Virginia. Subsequent to Virgin Mobile’s acquisition by Sprint Nextel Corporation in November 2009, Virgin Mobile has been designated as a facilities-based ETC for Lifeline-only purposes by seven additional states: Florida, Louisiana, Maryland, Michigan, New Jersey, Texas and West Virginia. Virgin Mobile submits these comments based on its experience as a Lifeline provider in eleven states where it serves

hundreds of thousands of Lifeline customers. Virgin Mobile's petition for designation as an ETC for Lifeline-only purposes is currently pending before the Department.

Virgin Mobile understands the purpose of the above-captioned investigation to be a broad re-examination of the Lifeline and Link-Up low-income programs in Massachusetts, focusing on possible changes to make the existing programs more effective and efficient in order to increase subscribership while ensuring the integrity of the programs. Virgin Mobile strongly endorses the Department's efforts to explore changes to existing programs with the goal of increasing Lifeline subscribership while ensuring the program is operated with efficiency, integrity, and propriety while promoting the public interest.

II. DISCUSSION

A. Certification and Verification Procedures for Ensuring Subscriber Eligibility

In order to increase and maintain enrollment in Lifeline programs, it is necessary to simplify the application process to the extent possible, while recognizing the need to ensure that only eligible persons receive Lifeline service. Self-certification by an applicant is the most efficient means of determining eligibility. Pursuant to this process endorsed by the Federal Communications Commission ("FCC"), the customer is permitted to self-certify eligibility for Lifeline service under penalty of perjury based on applicable eligibility criteria. In eight of the states in which Virgin Mobile offers Lifeline service, applicants are permitted to self-certify eligibility. Virgin Mobile has no existing evidence of fraud in states where its customers are permitted to self-certify. Based on its experience to date, Virgin Mobile supports the use of self-certification as a permissible means for certifying an applicant's eligibility for Lifeline service.

Under existing procedures, customers self-certify Lifeline eligibility during the application process and then are subject to annual verification of their ongoing eligibility and periodic random sampling to confirm eligibility.

In two states in which Virgin Mobile currently offers Lifeline service, applicants are required to provide documentation supporting their eligibility for Lifeline service. As required on a state-by-state basis, Virgin Mobile reviews and maintains customer-provided documentation as confirmation of eligibility. This documentation requirement, which imposes an additional administrative burden on the applicant, negatively impacts enrollment rates in these states. The documentation requirement can also carry unintended consequences. For instance, some applicants mistakenly provide original documents that may be required for other purposes. Virgin Mobile has set up a process for returning original documentation but cannot ensure immediate return of such materials, and cannot erase the inconvenience and frustration experienced by a customer that has submitted original documentation.

The documentation requirement also raises privacy concerns by requiring an applicant to provide documentation containing sensitive information. Virgin Mobile employs best practices to protect sensitive customer information and is in compliance with all applicable laws, rules and regulations regarding the handling and protection of such information. Nevertheless, even the most stringent measures cannot provide an absolute guarantee that unintentional disclosure cannot occur. Any time private personal information is transmitted there is an attendant risk of unintentional disclosure. For this reason, the documentation requirement may discourage applicants who have heightened privacy concerns and who understandably are reluctant to provide their telecommunications service provider with sensitive personal data or information, such as their Medicaid number, for instance. The documentation requirement is potentially most

burdensome for applicants seeking to qualify on the basis of income. In this instance, applicants may be required to provide a copy of their most recent tax returns in order to receive discounted telephone service. It goes without saying that customers are not ordinarily accustomed to submission of these types of information in relation to their telecommunications services, and that alone may serve as an unintended impediment to participation in the program.

In one state where Virgin Mobile currently offers Lifeline service, Virgin Mobile participates in an electronic verification process. Each month Virgin Mobile submits to the state administrative agency a list of applicants and existing Lifeline customers in a prescribed electronic format. That list is compared with the state database of residents participating in Lifeline-eligible programs or whose income has been confirmed by the state. Privacy concerns are minimized where only the state handles the data provided by the ETCs and the social service agencies that administer Lifeline-eligible programs.

Virgin Mobile believes the administration of the Lifeline program is significantly improved by the use of a centralized database to verify customer eligibility. A centralized database standardizes and streamlines eligibility verification procedures. The use of a verification database also increases Lifeline retention rates by eliminating the need for established customers to take affirmative steps to periodically verify their continuing eligibility for Lifeline services. A centralized database can also be used to identify consumers who already receive Lifeline service from another ETC, significantly decreasing the likelihood that a customer could receive Lifeline services from more than one provider.

Such a database could be compiled from data provided by state agencies that administer programs that qualify customers for Lifeline. The creation, population and administration of such a database are topics most appropriately addressed by the relevant agencies.

B. Subscriber Eligibility Criteria

Virgin Mobile supports the use of income level as a basis for Lifeline eligibility. Income-level qualifies customers in federal default states and in all but two of the states in which Virgin Mobile offers Lifeline service. While a relatively low percentage of Virgin Mobile Lifeline customers rely on income-level as the sole basis for eligibility, a sizable number of customers qualify based on income. A low-income resident should be entitled to Lifeline Assistance regardless of participation in another public assistance program. Virgin Mobile supports a qualifying income level of 150% of the federal poverty guidelines, which is slightly above the 135% federal qualifying guideline yet amounts to \$33,075 in annual income for a family of four.

The same application procedures are used for customers that qualify on the basis of income as for those that qualify based on program participation. Customers must self-certify eligibility or provide documentation of income, as required by their state of residence.

C. Lifeline Services

In an increasingly competitive Lifeline market for ETCs, Virgin Mobile supports the ability of carriers to design Lifeline offers that provide sufficient value to customers eligible for Lifeline support, but otherwise do not constrain the ability of carriers to compete for Lifeline subscribers. Low-income customers should be permitted to benefit and select from the range of offers made available by various ETCs that best suit their needs – wireless or wireline, prepaid or postpaid, a service free to the customer or a discount on a preferred service. Virgin Mobile does not support a standard method for applying a Lifeline discount, which could have the effect of favoring some ETCs over others. ETCs have different business models and varying strengths and constraints in designing Lifeline offers that may not be compatible with a standard method for applying a discount. A competition based market model whereby carriers are forced to

compete with each other to design attractive Lifeline offers and compete with each other for subscribers is the best approach. The Department will surely agree that allowing competition to regulate a market, where possible, is the preferred approach.

D. Outreach Requirements

The national Lifeline participation rate remains around 30% of the eligible customer base and between 20%-50% in Massachusetts, demonstrating the need for additional customer outreach efforts. The existing Massachusetts outreach requirements appear targeted at wireline ETCs that receive both high-cost and low-cost support to ensure some minimal threshold of outreach to Lifeline and Link-Up customers. Given the evolution of Lifeline ETCs and the increase in competition in Lifeline service, it may be useful to consider different outreach requirements for different types of ETCs. Several of the existing requirements would seem to be inapplicable to Virgin Mobile's prepaid wireless Lifeline program. For instance, Virgin Mobile does not maintain a white pages directory and, as a prepaid carrier, does not provide monthly bills to customers. In addition, employee training and outreach requirements would be superfluous in the case of Virgin Mobile. The Assurance Wireless by Virgin Mobile brand exists solely for the purpose of attracting and serving Lifeline customers, with a number of dedicated employees, including dedicated Customer Care representatives.

As an ETC for Lifeline-only purposes in eleven states, Virgin Mobile actively markets its Lifeline program through direct response television advertising, direct mail and partnerships with social services agencies, among other efforts. These targeted direct outreach efforts have the effect of educating consumers about Virgin Mobile's Lifeline program and also the availability of Lifeline in general without burdening state agencies. To the extent that agencies are interested

in exploring additional outreach opportunities, Virgin Mobile would be willing to partner with those agencies.

III. CONCLUSION

Virgin Mobile appreciates the opportunity to provide these comments and looks forward to continuing to work with the Department.

Respectfully submitted,

Virgin Mobile USA, L.P.

By its Attorneys

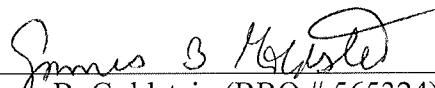


James B. Goldstein (BBO # 565324)
12502 Sunrise Valley Drive
Reston, Virginia 20196
Phone: (703) 433-4212
Fax: (703) 433-4804
james.goldstein@sprint.com

Benjamin J. Aron (*pro hac vice pending*)
12502 Sunrise Valley Drive
VARESA0202-2D677
Reston, Virginia 20196
Phone: (703) 592-7618
Fax: (703) 433-4804
benjamin.aron@sprint.com

CERTIFICATE OF SERVICE

I, James B. Goldstein, hereby certify that on this day, October 13, 2010, I caused a true and correct copy of the foregoing document to be served by first class mail upon all the below listed parties of record listed on the DTC 10-3 Service List.



James B. Goldstein (BBO # 565324)
12502 Sunrise Valley Drive
Reston, Virginia 20196
Phone: (703) 433-4212
Fax: (703) 433-4804
james.goldstein@sprint.com

Mary Diaz Przybyl
Department of Transitional Assistance
600 Washington Street
Boston, MA 20111

Terry Dougherty
Office of Medicaid
One Ashburton Place, 11th floor
Boston, MA 02108

Jose Fuentes
Tracfone Wireless, Inc.
9700 N.W. 112th Avenue
Miami, FL 33178

Mitchell Brecher
Greenberg Traurig LLP
2101 L Street, N.W.
Washington, DC 20037

Margaret Lew
RCN of New England, Inc.
1849 Butler Street
Easton, PA 18042

Michael Kass
State 911 Department
1380 Bay Street, Building C
Taunton, MA 02780-1088

Alexander Moore
Verizon New England
125 High Street
Oliver Tower, 7th Floor
Boston, MA 02110-1585

Julia Kehoe
Department of Transitional Assistance
600 Washington Street
Boston, MA 02111

Michelle Krebel
Granby Telephone & Telegraph Co. of
Mass, Inc.
56 Campus Drive
New Gloucester, ME 04260

Daniel LePage
Department of Transitional Assistance
600 Washington Street
Boston, MA 02111

Abigail Avorre
Richmond Telephone
2 Third Street, Suite 303
Troy, NY 12180

Chris Barron
Taconic Telephone Corp.
521 E. Morehead Street, Suite 500
Charlotte, NC 28202

Gerry Bell
Department of Housing and Community
Development
100 Cambridge Street, Suite 300
Boston, MA 02114

Tina Brooks
Department of Housing and Community
Development
100 Cambridge Street, Suite 300
Boston, MA 02114

Amy West
Department of Transitional Assistance
600 Washington Street
Boston, MA 02111

Stephanie Zierten
Information Technology Division
One Ashburton Place, Room 801
Boston, MA 02108

John Grossman
Executive Office of Public Safety and
Security
One Ashburton Place, Suite 2133
Boston, MA 02108