

ORIGINAL

NEW APPLICATION



0000133907

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2011 DEC 21 4:31

COMMISSIONERS

AZ CORP COMMISSION
DOCKET CONTROL

GARY PIERCE, Chairman
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP
BRENDA BURNS

T-20827A-11-0461

IN THE MATTER OF VIRGIN MOBILE
USA, L.P.'S BRANDED "ASSURANCE
WIRELESS BROUGHT TO YOU BY
VIRGIN MOBILE" APPLICATION FOR
DESIGNATION AS A WIRELESS
ELIGIBLE TELECOMMUNICATIONS
CARRIER IN THE STATE OF ARIZONA
(LOW INCOME ONLY).

DOCKET NO. T-_____

**VIRGIN MOBILE USA, L.P.'S BRANDED "ASSURANCE WIRELESS
BROUGHT TO YOU BY VIRGIN MOBILE" APPLICATION FOR A
DESIGNATION AS A WIRELESS ELIGIBLE TELECOMMUNICATIONS
CARRIER IN THE STATE OF ARIZONA (LOW INCOME ONLY)**

Arizona Corporation Commission

DOCKETED

DEC 21 2011

DOCKETED BY *nr*

TABLE OF CONTENTS

1

2 I. INTRODUCTION 4

3 II. BACKGROUND 5

4 A. Company Overview 5

5 B. Previous ETC Designations..... 6

6 C. The Commission Has the Authority to Perform ETC Designations..... 7

7 D. The Limited ETC Designation Request Is Consistent with Recent

8 Precedent 8

9 III. VIRGIN MOBILE REQUESTS ETC DESIGNATION IN ITS ARIZONA

10 SERVICE AREA FOR PARTICIPATION IN THE LIFELINE

11 PROGRAM 8

12 A. Virgin Mobile Requests ETC Designation for its Entire Non-Tribal

13 Reservation Service Territory..... 8

14 B. Virgin Mobile Requests ETC Designation for Participation in the

15 Lifeline Program..... 10

16 C. Description of Prepaid Lifeline Offering 11

17 D. Applicability of Forbearance Conditions..... 14

18 IV. VIRGIN MOBILE SATISFIES THE FCC’S REQUIREMENTS FOR

19 DESIGNATION AS AN ETC 15

20 A. Virgin Mobile Is a Common Carrier 16

21 B. Virgin Mobile will provide the supported services 16

22 1. Voice Grade Access to the Public Switched Telephone

23 Network..... 16

24 2. Local Usage 17

25 3. DTMF Signaling or its Functional Equivalent 18

26 4. Single-Party Service or its Functional Equivalent..... 18

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

5. Access to Emergency Services 18

6. Access to Operator Services 19

7. Access to Interexchange Services 19

8. Access to Directory Assistance 19

9. Toll Limitation..... 19

C. Functionality in Emergency Situations..... 20

D. Advertising of Supported Services 20

E. Equal Access to LD Carriers..... 21

F. Consumer Protection and Service Quality..... 21

V. DESIGNATION OF VIRGIN MOBILE AS AN ETC WOULD PROMOTE THE PUBLIC INTEREST..... 21

VI. COMMUNICATIONS REGARDING APPLICATION..... 24

VII. CONCLUSION..... 25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

SUMMARY

Virgin Mobile USA, L.P.'s branded "Assurance Wireless brought to you by Virgin Mobile" ("Virgin Mobile" or the "Company"), a wholly owned subsidiary of Sprint Nextel Corporation ("Sprint Nextel"), is seeking designation as an Eligible Telecommunications Carrier ("ETC") in the State of Arizona, pursuant to Section 214 (e)(2) of the Communication Act of 1934, as amended, (the "Act") and 47 C.F.R. §§54.101 and 201 of the rules of the Federal Communications Commission for purposes of offering prepaid wireless services supported by the Universal Service Fund's ("USF") Lifeline program. As discussed herein, Virgin Mobile meets all of the necessary requirements for ETC designation under Section 214(e)(1) of the Act to offer services supported by the Lifeline program. Designation of the Company would promote the public interest because it would provide qualifying Arizona customers with lower prices and higher quality wireless services. Many low-income customers in Arizona have yet to benefit from the intensely competitive wireless market because of financial constraints, poor credit history or intermittent employment, and many existing customers lose access to wireless services when their financial position deteriorates as a consequence of losing a job, a medical condition or any other adverse event—all unfortunately too common during a challenging economic period. Virgin Mobile's prepaid Lifeline service offerings are ideally suited to provide these customers with reliable wireless services. As a Lifeline ETC, Virgin Mobile would be able to provide affordable, and even free, services to these consumers—many of whom are among the intended beneficiaries of USF support.

23
24
25
26

I. INTRODUCTION

Virgin Mobile by undersigned counsel, and pursuant to Section 214 (e)(2) of the Communication Act of 1934, as amended (the "Act"), 47 C.F.R. §§54.101 and 201 of the rules of the Federal Communications Commission, hereby petitions the Arizona Corporation Commission ("Commission") for designation as an eligible

1 telecommunications carrier (“ETC”) in the State of Arizona. Virgin Mobile seeks ETC
2 designation in Arizona only for purposes of participation in the Universal Service Fund’s
3 (“USF”) Lifeline program. The instant request does not seek ETC designation to offer
4 services supported by the high-cost program. As more fully described below, Virgin
5 Mobile satisfies the requirements for designation as an ETC in the State of Arizona.
6 Rapid approval of Virgin Mobile’s request, moreover, would advance the public interest
7 because it would enable the Company to commence much needed Lifeline services to
8 lower-income Arizona residents as soon as possible. Accordingly, the Company
9 respectfully requests that the Commission expeditiously approve the instant petition.

10 II. BACKGROUND

11 A. Company Overview

12 Virgin Mobile was established as a joint venture between Sprint Nextel
13 Corporation (“Sprint Nextel”) and Sir Richard Branson’s Virgin Group to offer prepaid
14 wireless services using the Virgin Mobile brand and the Nationwide Sprint Network.¹ On
15 November 24, 2009, Virgin Mobile became a wholly owned subsidiary of Sprint Nextel
16 upon completion of the companies’ previously announced transaction. The Federal
17 Communications Commission (“FCC”) approved Sprint Nextel’s acquisition of Virgin
18 Mobile effective September 11, 2009.² Virgin Mobile has its principal offices at 10
19 Independence Blvd., Warren, NJ 07059.

20 Unlike many wireless carriers, Virgin Mobile does not impose credit checks or
21 long-term service contracts as a prerequisite to obtaining service. Many customers are
22 from lower-income backgrounds and did not previously enjoy access to an attractive,
23

24 ¹ As a wireless carrier, Virgin Mobile does not need any authorization from the Commission to provide its
25 services. However, the FCC authorized the Company to provide international resold telecommunications services in
2001. See FCC File No. ITC-214-20020422-00194.

26 ² See *International Authorizations Granted*, Public Notice, DA 09-2071 (rel. Sept. 17, 2009).

1 comprehensive and high-quality wireless service because of financial constraints or poor
2 credit history. Virgin Mobile estimates that approximately one-third of its present
3 customers are new to wireless services and 35 percent have an annual household income
4 below \$35,000. Many of these customers also use Virgin Mobile's services sparingly,
5 with a substantial percentage spending less than \$10 per month. By marketing and
6 expanding the availability of appealing wireless services to consumers otherwise unable
7 to afford them, and those previously ignored by traditional carriers, Virgin Mobile has
8 effectively expanded access to wireless services. Unfortunately, during this challenging
9 economic period, many existing customers have to forgo access to wireless services
10 entirely when their financial position deteriorates, making it more difficult for prospective
11 employers and dependent family members to reach them and losing wireless access to
12 emergency services.

13 B. Previous ETC Designations

14 In March 2009, the FCC designated Virgin Mobile as an ETC for purposes of
15 offering Lifeline services in the states of New York, North Carolina, Tennessee and
16 Virginia.³ Because, at that time, Virgin Mobile operated as a mobile virtual network
17 operator that did not own any network facilities, the *2009 Order* also conditionally
18 granted the Company's request for forbearance from enforcement from the Section
19 214(e)(1)(A) facilities-based requirement for ETC designation. Based on Virgin
20 Mobile's status as a reseller, the FCC conditioned its grant of forbearance, as well as its
21 grant of ETC designation, on Virgin Mobile's compliance with certain obligations.

22 By Order dated December 29, 2010, the FCC designated Virgin Mobile as an ETC
23

24
25 ³ See *Federal-State Joint Board on Universal Service; In the Matter of Virgin Mobile USA, L.P. Petition for*
26 *Forbearance from 47 U.S.C. § 214(e)(1)(A); Petitions for Designation as an Eligible Telecommunications Carrier*
in the States of New York, North Carolina, Pennsylvania, Tennessee and Virginia, Order, FCC 09-18 (rel. March 5,
2009)(“2009 Order”).

1 in the states of Alabama, Connecticut, Delaware, New Hampshire and Washington D.C.⁴
2 In the *2010 Order*, the FCC determined that Virgin Mobile now operates as a facilities-
3 based carrier for purposes of Section 214 of the Act in light of its acquisition by Sprint
4 Nextel. As discussed more fully below in Section III.D., the FCC concluded that Virgin
5 Mobile “no longer needs forbearance” from the Section 214 facilities-based requirement
6 and lifted certain forbearance conditions associated with Virgin Mobile’s prior status as a
7 reseller.⁵

8 The public utility commissions of the states of Arkansas, California, Florida,
9 Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts,
10 Michigan, Mississippi, New Jersey, Ohio, Pennsylvania, Rhode Island, Texas, Utah,
11 Washington, and West Virginia have also designated Virgin Mobile as a facilities-based
12 ETC without reliance on the 2009 Order.

13 C. The Commission Has the Authority to Perform ETC Designations

14 The Commission has the requisite authority to perform the limited ETC
15 designation requested herein. Section 214(e)(2) of the Act provides state public utility
16 commissions with the “primary responsibility” for the designation of ETCs.⁶ Pursuant to
17 this authority, the Commission has historically participated in determining whether to
18 grant ETC status to an applying carrier, including any requesting wireless carrier.⁷ Under
19 the Act, a state public utility commission with jurisdictional authority over ETC
20 designations must designate a common carrier as an ETC if the carrier satisfies the
21 requirements of Section 214(e)(1). By offering all of the services supported by the
22

23 ⁴ See *Federal-State Joint Board on Universal Service; In the Matter of Virgin Mobile USA, L.P. Petitions for*
24 *Designation as an Eligible Telecommunications Carrier in the States of Alabama, Connecticut, Delaware, New*
25 *Hampshire and Washington D.C.*, Order, DA 10-2433 (rel. Dec. 29, 2010) (“*2010 Order*”) (Attached hereto as
26 Exhibit 2).

⁵ See *id.* at ¶ 15.

⁶ 47 U.S.C. § 214(e)(2).

⁷ See Decision No. 7222 (TracFone Wireless, Inc.), Decision No. 72665 (Cricket Communications, Inc.).

1 federal USF and advertising the availability of such services, Virgin Mobile currently
2 meets all of the requirements of Section 214 of the Act, warranting its designation as an
3 ETC by the Commission.

4 D. The Limited ETC Designation Request Is Consistent with Recent Precedent

5 Virgin Mobile's request for ETC designation to participate in the Lifeline program
6 is consistent with the Commission's recent decision designating Cricket Communications,
7 Inc. ("Cricket") as an ETC.⁸ In Decision No. 72665, the Commission determined that
8 designation of a prepaid wireless carrier as an ETC would serve a "distinct market" in
9 Arizona and is in the public interest.⁹ Virgin Mobile requests that the Commission
10 expeditiously process the instant ETC petition so that it can quickly commence providing
11 qualifying lower-income Arizona customers with affordable USF-supported wireless
12 services during these challenging times for all state residents. Designation of Virgin
13 Mobile as an ETC would further competition for wireless Lifeline services, providing
14 many lower-income customers with a choice of affordable wireless service providers for
15 the very first time. This competition would represent a significant step towards ensuring
16 that all low-income customers share in the many benefits associated with access to
17 wireless services, which a study found to be a vital economic resource for low-income
18 consumers that leads to improved wage levels and personal safety.¹⁰

19 III. VIRGIN MOBILE REQUESTS ETC DESIGNATION IN ITS ARIZONA
20 SERVICE AREA FOR PARTICIPATION IN THE LIFELINE PROGRAM

21 A. Virgin Mobile Requests ETC Designation for its Entire Non-Tribal Reservation
22 Service Territory

23 As a non-rural carrier, Virgin Mobile is required to describe the areas within which

24 ⁸ See *In the Matter of Cricket Communications, Inc. for Designation as an Eligible Telecommunications*
25 *Carrier in the State of Arizona*, Decision No. 72665, Docket No. T-20721A-10-0019 (November 17, 2011)
(*"CricketETC Order"*).

26 ⁹ See *id.* at Finding of Fact 66.

¹⁰ See Sullivan, "A Review of Literature and Data from Two New Surveys," April 2008.

1 it requests ETC designation. The Company requests ETC designation for its entire non-
2 Tribal Reservation service area in Arizona.¹¹ Virgin Mobile understands that its service
3 area overlaps with many rural carriers in Arizona, but maintains that the public interest
4 factors described below justify its designation in these carriers' service areas, especially
5 because it only seeks ETC designation for purposes of participating in the Lifeline
6 program.

7 Virgin Mobile also recognizes that the FCC released a decision on September 16,
8 2011, indicating that section 54.507(b) of its rules and section 204(e)(5) of the
9 Communications Act require redefinition of RLEC study areas when a Lifeline ETC is
10 seeking to serve only some exchanges of an RLEC study area. In the Cricket Order,¹² the
11 FCC granted forbearance from application of these provisions for the Petitioners. Virgin
12 Mobile filed a similar Petition with the FCC at 26 FCC Rcd 12723 seeking forbearance of
13 these provisions for its operations in all states in which it operates or will operate as a
14 Lifeline ETC provider. In light of Virgin Mobile's forbearance filing, Virgin Mobile
15 seeks Final ETC designation in the Century Link exchanges in Arizona and those RLEC
16 exchanges where study area redefinition would not otherwise be required. For the RLEC
17 exchanges where redefinition would otherwise be required, Virgin Mobile seeks Lifeline
18 ETC designation contingent upon the grant of forbearance sought in the Virgin Mobile
19 forbearance petition filed with the FCC.

20 Virgin Mobile also recognizes that providing Lifeline ETC service upon Tribal
21 Reservations could provide a very positive benefit for Tribal Members. However, given
22 the complexity of determining whether a Tribal Authority has exerted its jurisdiction over
23 telecommunications regulation on Reservation lands, and whether the Arizona

24
25 ¹¹ A list of the wire centers for which Virgin Mobile requests ETC designation is attached hereto as Exhibit 1.
26 ¹² *In the Matter of Telecommunications Carriers Eligible for Universal Service Support; NTCH, Inc. Petition for Forbearance from 47 U.S.C. §214(e)(5) and 47 C.F.R. §54.207(b); Cricket Communications, Inc., Petition for Forbearance*, ("Cricket Order").

1 Corporation Commission has authority to grant Lifeline ETC status upon Tribal
2 Reservation lands, Virgin Mobile is not seeking authority to serve upon Tribal
3 Reservations or obtain Tier 4 support on lands near a reservation. If the Commission and
4 Tribal Authorities desire Virgin Mobile to provide Lifeline ETC service upon a Tribal
5 Reservation, the Company is willing to work with the Commission and Tribal Authorities
6 to expand the scope of Virgin Mobile's ETC designation once the designation requested
7 herein has been granted.

8 B. Virgin Mobile Requests ETC Designation for Participation in the Lifeline
9 Program

10 Virgin Mobile requests ETC designation in Arizona for the sole purpose of
11 participating in the Lifeline program as a prepaid wireless carrier. Virgin Mobile does
12 not seek to provide services supported by the USF's high-cost program. As more fully
13 described below, the instant request to participate in the Lifeline program promotes the
14 goals of universal service and offers many benefits to low-income customers in the State
15 of Arizona. The Lifeline services provided by Virgin Mobile will contain many features
16 specifically designed for qualifying customers. Indeed, Virgin Mobile's Lifeline plans
17 will provide affordable and convenient wireless services to qualifying Arizona customers,
18 many of whom are otherwise unable to afford wireless services.

19 Virgin Mobile's designation as an ETC solely for Lifeline purposes also would not
20 unduly burden the USF or otherwise reduce the amount of funding available to other
21 carriers. The secondary role of Lifeline support with respect to overall USF expenditures
22 is well documented. According to the most recent monitoring report released by the
23 Federal-State Joint Board on Universal Service, Lifeline funding represented
24 approximately 14% of total USF expenditures in 2009.¹³ The FCC, itself, concluded that

25
26 ¹³ See *Universal Service Monitoring Report*, CC Docket 98-202, Chart 1.1 (filed Dec. 30, 2010).

1 designation of Virgin Mobile as an ETC would result only in a “minimal” increase in
2 USF funding.¹⁴

3 The nature by which Lifeline support is provided to wireless carriers also obviates
4 any concerns that multiple ETC designations in Arizona would have a negative impact on
5 the USF. Lifeline support is provided on a customer-specific basis, and only after a
6 carrier has acquired and begun to serve an eligible customer does the carrier receive
7 Lifeline support for that customer. By tying support to actual service of a customer,
8 moreover, the Lifeline program ensures that USF support only funds the carrier that
9 actually “wins” the customer’s service.

10 C. Description of Prepaid Lifeline Offering

11 Virgin Mobile has branded its prepaid Lifeline service “Assurance Wireless
12 Brought To You By Virgin Mobile.” The service will provide customers with the same
13 features and functionalities enjoyed by all other Virgin Mobile prepaid customers, with
14 one notable exception: basic prepaid Lifeline services are available free of charge.
15 Under the basic plan, eligible customers will receive 250 anytime prepaid minutes per
16 month at no charge with additional service priced at \$0.10/minute and \$0.10/message.¹⁵
17 Virgin Mobile also offers additional methods by which Lifeline customers, entirely at
18 their option, can purchase blocks of additional services.¹⁶ Lifeline customers can add \$5
19 to their account to purchase an additional 250 monthly minutes, providing them with a
20 total of 500 voice minutes in a month (250 free minutes plus 250 additional minutes) or
21 Lifeline customers can add \$20 to their account to purchase an additional 750
22 voice minutes, providing them with a total of 1,000 voice minutes (250 free minutes plus

23
24 ¹⁴ See 2009 Order at ¶ 24.

25 ¹⁵ Virgin Mobile expects that the Company’s Lifeline plan may change as the wireless market evolves. As
such, the Company requests that the Commission’s grant of ETC designation provide it with the requisite authority to
modify the parameters of the offering as marketplace conditions develop.

26 ¹⁶ A description of these service offerings is available on the Assurance Wireless website:
<http://www.assurancewireless.com/Public/MorePrograms.aspx>.

1 750 additional minutes). Customers choosing this second option will also receive
2 1,000 monthly messages. There is no obligation that customers purchase these additional
3 offerings or add money to their accounts, and all eligible customers will continue to
4 receive 250 free monthly minutes.¹⁷

5 Eligible customers can select any option on a month-to-month basis without
6 subscribing to a long-term contract or incurring activation charges or connection fees. In
7 the event that a customer selecting either the \$5/500 or \$20/1000 minute plan does not
8 have sufficient funds in the Lifeline account at the time the minutes are to be deposited in
9 a particular month, the customer would default to the free 250-minute plan for that month.
10 Consistent with the current offerings, the rates for service under all plans include all
11 applicable taxes and fees, and customers can use their monthly minutes to place calls
12 statewide (or even nationwide) because none of the plans imposes a local calling area
13 requirement.¹⁸ Finally, each service plan also includes voicemail, caller I.D. and call
14 waiting services at no additional charge.

15 To ensure that customers receive uninterrupted access to 911 emergency and
16 customer care services, Lifeline customers will be able to access 911 emergency and
17 customer care services regardless of whether they have any remaining minutes in their
18 account. In addition, minutes used for calls placed to 911 emergency services and Virgin
19 Mobile/Assurance Wireless customer care are not decremented from a customer's
20 account. As a result, Lifeline customers will receive free service so long as they do not
21 elect to exceed 250 minutes of voice service per month with no additional charges for
22 taxes or activation.

23 New customers may elect to receive a free Assurance Wireless-branded handset

24 _____
25 ¹⁷ Consistent with current practice, minutes and text messages do not carry forward from month-to-month.
Customers can still purchase individual voice minutes and text messages for \$0.10.

26 ¹⁸ Customers may incur state sales tax and fees at the point of purchase should the customer choose to top-up
their account.

1 with E911 functionality. Current Virgin Mobile customers may be able to use their
2 existing handsets to receive prepaid Lifeline services, or may elect to receive a free
3 Assurance Wireless handset. By providing a wireless handset free of charge, Virgin
4 Mobile can ensure that Lifeline-eligible customers in Arizona will not incur any upfront
5 costs for access to the Company's Lifeline services.

6 To guard against potential fraudulent use of Lifeline service, applicants for
7 Lifeline service must provide a variety of information, including their name, residential
8 address and relevant eligibility criteria. The enrollment form includes an applicant
9 certification section where each applicant must attest and sign under penalty of perjury
10 that the applicant receives Lifeline-supported service only from Virgin Mobile. The
11 applicant must submit the signed enrollment form and all supporting documentation as
12 required by federal or state guidelines to the Company prior to commencement of Lifeline
13 service. As an additional protection against fraudulent use of the Company's Lifeline
14 services, Virgin Mobile tracks each applicant's primary residential address and cross
15 checks this information against internal databases to confirm that a Virgin Mobile
16 Lifeline account has not already been activated for that address or individual. If a name
17 or address submitted by a Lifeline applicant is associated with a customer who already
18 receives Virgin Mobile Lifeline service, or if the address provided is not a valid U.S.
19 postal address, Virgin Mobile will review the application to ascertain whether the
20 customer is attempting to activate multiple Virgin Mobile Lifeline accounts or otherwise
21 does not qualify under the eligibility requirements, and, if so, deny the application.¹⁹

22 To ensure that USF funds are received only for customers who actively use their
23 Lifeline services, Virgin Mobile will implement a non-usage policy in Arizona. Under
24 this policy, if a customer does not make a voice call or send a text or email message or
25

26 ¹⁹ It is important to note that Virgin Mobile does not have access to the customer lists of other ETCs and, thus, cannot cross match its customer list against another ETC's list.

1 otherwise demonstrate activity at least once during any continuous 60-day period, Virgin
2 Mobile will promptly notify the customer that the customer is no longer eligible for
3 Lifeline service subject to a 30-day grace period. During the 30-day grace period, the
4 customer's account would remain active, and Virgin Mobile will engage in outreach
5 efforts to determine whether the customer desires to remain on its Lifeline service. If the
6 customer's account does not show any customer-specific activity during the grace period
7 (such as making or receiving a voice call, receiving or sending a text message,
8 downloading data or adding money to the account), Virgin Mobile will deactivate Lifeline
9 services for that customer. In addition, Virgin Mobile will not recover a federal USF
10 subsidy for the free minutes provided to the customer during the grace period or thereafter
11 report that customer on its Universal Service Administrative Company ("USAC") Form
12 497.

13 D. Applicability of Forbearance Conditions

14 In light of the FCC's recent decision to designate Virgin Mobile as a facilities-
15 based ETC and lift the requirements associated with its prior grant of forbearance, Virgin
16 Mobile respectfully submits that the Commission similarly designate the Company as a
17 facilities-based ETC. As the FCC noted in its recent decision, Virgin Mobile is a
18 facilities-based carrier for purposes of Section 214(e)(1) of the Act, even though absolute,
19 direct legal title to Virgin Mobile's wireless communications facilities lies with its parent
20 and sibling corporate enterprises that are part of the Sprint family.²⁰ Consistent with its
21 prior decisions, the FCC rejected a formulative interpretation of the term "own facilities"
22 in Section 214(e)(1) and adopted a more flexible approach.²¹ In these prior decisions, the
23 Commission determined that the Section 214(e)(1) concept of "own facilities" includes
24 facilities for which a carrier has beneficial use and over which it "does not hold absolute

25 _____
26 ²⁰ See 2010 Order at ¶ 15-16.

²¹ See *id.*

1 title,” and that any contrary interpretation would frustrate the goals of the Act and lead to
2 absurd results.”²²

3 In recognizing Virgin Mobile as a facilities-based carrier, the FCC explicitly
4 rescinded the forbearance condition that required Virgin Mobile, like other wireless
5 resellers granted forbearance, to seek certification from each public safety answering
6 point (“PSAP”) confirming that customers have access to 911 and enhanced 911 (“E911”)
7 services – a condition not required of facilities-based carriers. As the FCC recognized in
8 its *2010 Order*, requiring Virgin Mobile to obtain certifications regarding its 911/E911
9 capabilities is unnecessary given that Virgin Mobile provides the same 911 and E911
10 services to its customers as any other Sprint wireless customer receives using Sprint’s
11 existing 911 and E911 facilities and PSAP relationships. Indeed, all 911 emergency calls
12 made by Virgin Mobile customers are handled in the same fashion as calls made by any
13 other Sprint customer. When a Virgin Mobile customer calls 911, the call is received by
14 Sprint Corporate Security, which maintains responsibility for routing to the appropriate
15 PSAP, just as with any other 911 call made by a Sprint customer. If a PSAP were
16 required to directly contact the Company because of a disconnection, the call would be
17 handled by Sprint Corporate Security, which has access to all Virgin Mobile customer
18 information—just as it does for all other Sprint operating subsidiaries. Virgin Mobile
19 respectfully submits that it be subject to the same requirements as any other facilities-
20 based wireless ETC in Arizona with respect to 911 and E911 issues.

21 IV. VIRGIN MOBILE SATISFIES THE FCC’S REQUIREMENTS FOR
22 DESIGNATION AS AN ETC

23 The FCC’s regulations, 47 C.F.R. §54.201(d)(1), requires that applicants for ETC
24 designation be common carriers that will offer all of the services supported by the USF,
25 either using their own facilities or a combination of their own facilities and the resale of

26 ²² *In re Federal-State Joint Board on Universal Service*, 12 FCC Rcd 8776, ¶ 159-161 (1997).

1 another carrier's services. Applicants must also commit to advertise the availability and
2 rates of such services. The FCC's regulations, 47 C.F.R. §54.202 also requires Virgin
3 Mobile to commit to provide service throughout its proposed designated service area to
4 all customers making a reasonable request. As detailed below, Virgin Mobile satisfies
5 each of the above-listed requirements.²³

6 A. Virgin Mobile Is a Common Carrier

7 Section 153(10) of the Act defines a common carrier as "any person engaged as a
8 common carrier for hire, in interstate or foreign communications by wire or radio ..."²⁴

9 The FCC has determined on numerous occasions that providers of mobile wireless
10 services shall be treated as common carriers for regulatory purposes. As a provider of
11 wireless telecommunications services, therefore, Virgin Mobile is a common carrier
12 eligible for designation as an ETC.

13 B. Virgin Mobile Will Provide the Supported Services

14 As described above, Virgin Mobile is a wholly owned subsidiary of Sprint Nextel.
15 Accordingly, Virgin Mobile is capable of, currently provides, and will continue to provide
16 the services supported by the federal universal service support mechanism under 47
17 U.S.C. § 254(c), over an existing network infrastructure in Arizona. Virgin Mobile's
18 request for ETC designation complies with Section 214(e)(1) of the Act and 47 C.F.R.
19 §54.202(a)(1) because it provides all of the services and functionalities supported by the
20 universal service program as set forth in Section 54.101 of the FCC's regulations
21 throughout its service territory in the State of Arizona. The Company, moreover, will
22 make these Lifeline services and functionalities available in a timely manner to any
23 qualifying Arizona customer in the Company's service area.

24 1. Voice Grade Access to the Public Switched Telephone Network

25 _____
26 ²³ See d 47 C.F.R. § 54.201(d).
²⁴ 47 U.S.C. § 153(10).

1 Virgin Mobile provides voice grade access to the public switched telephone
2 network (“PSTN”) and offers its customers services at bandwidth rates between 300 and
3 3,000 MHz as required by the FCC’s regulations.²⁵

4 2. Local Usage

5 As part of the voice grade access to the PSTN, an ETC must provide local calling
6 services to its customers. An applicant for ETC designation must demonstrate that it
7 offers a local usage plan that is “comparable” to the plan offered by the ILEC in the
8 relevant service territory.²⁶ In analyzing whether an ETC applicant’s plan is comparable
9 to the underlying incumbent local exchange carrier’s (“ILEC”) plan, the FCC has
10 indicated that it reviews all aspects of the plan on a case-by-case basis, including the
11 nature of the supported service, the size of the local calling area, the inclusion of
12 additional services (e.g., caller I.D., etc.) and the amount of local usage.²⁷ The FCC has
13 determined that a carrier satisfies the local usage requirements when it offers customers
14 rate plans containing varying amounts of local usage.²⁸

15 Virgin Mobile’s proposed Lifeline offering fully complies with the local usage
16 requirements established by the FCC. Not only will Virgin Mobile’s offering be
17 comparable to the underlying ILEC plans, but it also will exceed them in several respects.
18 Contrary to the ILECs’ plans, Virgin Mobile will offer customers a certain amount of
19 service free of charge. As discussed above, Virgin Mobile will provide its Lifeline
20 customers with 250 anytime minutes per month at no charge. Lifeline customers can also
21 add \$5 to their account to purchase an additional 250 monthly minutes, providing them
22

23 ²⁵ See 47 U.S.C. § 54.101(a)(1).

24 ²⁶ 47 C.F.R. § 54.202(a)(4).

25 ²⁷ See *Federal-State Joint Board on Universal Service*, Report and Order, 20 FCC Rcd 6371, 6385 (2005).

26 ²⁸ See e.g., *Farmers Cellular, Inc.*, 18 FCC Rcd 3848, 3852 (2003); *Pine Belt Cellular, Inc. and Pine Belt PCS, Inc.*, 17 FCC Rcd 9589, 9593 (2002); *Western Wireless Corp., Petition for Designation as an Eligible Telecommunications Carrier in the State of Wyoming*, 16 FCC Rcd 48, 52 (2000).

1 with a total of 500 voice minutes in a month (250 free minutes plus 250 additional
2 minutes) or add \$20 to their account to purchase an additional 750 voice minutes,
3 providing them with a total of 1,000 voice minutes (250 free minutes plus 750 additional
4 minutes). Customers choosing this second option will also receive 1,000 monthly text
5 messages. There is no obligation that customers purchase these additional offerings or
6 add money to their accounts, and all eligible customers will continue to receive 250 free
7 monthly minutes.

8 Contrary to the ILEC plans, which contain limited local calling areas, Virgin
9 Mobile customers can use these free minutes to place calls statewide (or even nationwide)
10 because Virgin Mobile does not constrict customers' use by imposing a local calling area
11 requirement. In addition to free voice services, Virgin Mobile will provide Lifeline
12 customers with access to a variety of other features at no cost, including voice mail, caller
13 I.D., call waiting services and E911 capabilities. Most important, Virgin Mobile's
14 Lifeline service will provide low-income Arizona residents with the convenience and
15 security offered by wireless services without interruption—even if their financial position
16 deteriorates.

17 3. DTMF Signaling or its Functional Equivalent

18 Virgin Mobile provides dual tone multi-frequency ("DTMF") signaling to expedite
19 the transmission of call set up and call detail information throughout its network. All
20 wireless handsets offered for sale by the Company are DTMF-capable.

21 4. Single-Party Service or its Functional Equivalent

22 "Single-party service" means that only one party will be served by a subscriber
23 loop or access line during a telephone transmission. Virgin Mobile provides the
24 functional equivalent of single-party service to its wireless customers for the duration of
25 each telephone call, and does not provide multi-party (or "party-line") services.

26 5. Access to Emergency Services

1 Virgin Mobile provides nationwide access to 911 emergency services for all of its
2 customers. Virgin Mobile also complies with the FCC's regulations governing the
3 deployment and availability of E911 compatible handsets.

4 6. Access to Operator Services

5 Virgin Mobile provides all of its customers with access to operator services.

6 7. Access to Interexchange Services

7 Virgin Mobile's service provides its customers with the ability to make
8 interexchange, or long distance, telephone calls. Domestic long distance capabilities are
9 included in Virgin Mobile's service with no additional charges because minutes for local
10 or domestic long distance services are not billed separately at different rates.

11 8. Access to Directory Assistance

12 All Virgin Mobile customers are able to dial "411" to reach directory assistance
13 services from their wireless handsets.

14 9. Toll Limitation

15 Toll limitation allows customers to either block the completion of outgoing long
16 distance calls or specify a certain amount of toll usage to prevent them from incurring
17 significant long distance charges and risking disconnection. As described above, Virgin
18 Mobile provides its wireless service on a prepaid, or "pay-as-you-go," basis. Virgin
19 Mobile's service, moreover, is not offered on a distance-sensitive basis and minutes are
20 not charged separately for local or domestic long distance services. Customers also must
21 specifically authorize access for international services, for which additional charges may
22 apply. The FCC determined in its grants of ETC designation to the Company that the
23 nature of Virgin Mobile's service mitigates concerns that low-income customers will
24 incur significant charges for long distance calls, risking disconnection of their service.²⁹

25
26 ²⁹ See 2009 Order at ¶ 34; 2010 Order at fn. 33.

1 C. Functionality in Emergency Situations

2 As a wholly owned subsidiary of Sprint Nextel, Virgin Mobile is able to remain
3 functional in emergency situations as required by Section 54.202(a)(2) of the FCC's
4 regulations.³⁰ Sprint Nextel has established a variety of internal programs, policies and
5 teams dedicated to analyzing, assessing and responding to emergency situations. These
6 programs, policies and teams ensure the timely and effective deployment of Sprint
7 Nextel's products and services to allow the public and private sectors to function in
8 emergency situations. Indeed, Sprint Nextel's network is monitored 24 hours a day, 7
9 days a week, 365 days a year by its network monitoring centers. Local switching offices
10 staffed by trained technicians and management coordinate with these larger operation
11 centers, to ensure that Sprint's networks are properly maintained and network
12 performance is at expected levels.

13 In addition, Sprint has reasonable amounts of back-up power to ensure
14 functionality without an external power source, and has implemented reasonable practices
15 to reroute traffic around damaged facilities and manage traffic spikes resulting from
16 emergency situations. Each cell site in the Sprint network is equipped with two hours of
17 battery back-up power. The company also is capable of rerouting traffic around damaged
18 facilities. Many cell sites in the Sprint network provide overlapping coverage for
19 neighboring areas, and such design redundancy ensures that coverage continues in the
20 event of damage to a particular facility. In the event of a major failure of a cell site,
21 neighboring sites could be adjusted to provide coverage to a wider service area. These
22 practices significantly reduce the chance that emergencies, fiber cuts or equipment failure
23 will result in a loss of service.

24 D. Advertising of Supported Services

25
26 ³⁰ See 47 C.F.R. § 54.202(a)2).

1 Virgin Mobile will advertise the availability and rates for the services described
2 above using media of general distribution in conformance with the FCC's regulations.³¹
3 The Company advertises the availability of its non-Lifeline services through newspapers,
4 magazines, radio, the Internet, billboards and television. Virgin Mobile's third-party
5 retail partners also promote its services. These advertising and marketing campaigns have
6 been highly effective in reaching low-income customers and promoting the availability of
7 cost-effective wireless services to this consumer segment. Virgin Mobile will supplement
8 these methods of communication to specifically advertise and promote the availability of
9 its Lifeline offerings to qualifying customers throughout the State of Arizona. The
10 Company also intends to promote these offerings to its existing customers—many of
11 whom may otherwise qualify for Lifeline.

12 E. Equal Access to LD Carriers

13 Virgin Mobile certifies its acknowledgement that the Commission may require it to
14 provide equal access to long distance carriers in the event that no other ETC is providing
15 equal access within the service area, as required by 47 C.F.R. § 54.202(a)(5).

16 F. Consumer Protection and Service Quality

17 Virgin Mobile has provided high quality wireless service in Arizona for several
18 years. Virgin Mobile is committed to continuing to deliver quality wireless service to its
19 customers and to meeting its consumer protection obligations.

20 V. DESIGNATION OF VIRGIN MOBILE AS AN ETC WOULD PROMOTE THE
21 PUBLIC INTEREST

22 One of the principal goals of the Act, as amended by the Telecommunications Act
23 of 1996, is "to secure lower prices and higher quality services for American
24 telecommunications consumers and encourage the rapid deployment of new

25 _____
26 ³¹ See 47 C.F.R. § 54.201.

1 telecommunications technologies” to all citizens, regardless of geographic location or
2 income.³² There is no question that designation of Virgin Mobile as an ETC in Arizona
3 will further the public interest by providing Arizona consumers, especially low-income
4 consumers, with lower prices and higher quality services. Many lower-income customers
5 in Arizona have yet to reap the full benefits of the intensely competitive wireless market.
6 Whether because of financial constraints, poor credit history or intermittent employment,
7 these consumers often lack the countless choices available to most consumers.
8 Designating Virgin Mobile as an ETC in Arizona, therefore, will enable it to expand the
9 availability of affordable telecommunications services to qualifying Arizona customers,
10 leading to lower prices and increased choice.

11 The instant request for ETC designation must be examined in light of the Act’s
12 goals of providing low-income consumers with access to telecommunications services.
13 The primary purpose of universal service is to ensure that consumers—especially low-
14 income consumers—receive affordable and comparable telecommunications services.
15 Given this context, designating Virgin Mobile as an ETC would benefit Arizona
16 consumers, especially its many low-income consumers eligible for Lifeline services. The
17 Company’s participation in the Lifeline program also undoubtedly would increase
18 opportunities for it to serve Arizona customers with appealing and affordable service
19 offerings. Indeed, the FCC has determined that Virgin Mobile’s Lifeline service
20 offerings provide a variety of benefits to Lifeline-eligible customers, including “increased
21 consumer choice, high-quality service offerings and mobility.”³³

22 Designation of Virgin Mobile as an ETC would also promote competition and
23 increase the pressure on other carriers to target low-income consumers with service
24

25 ³² Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56.

26 ³³ See *2010 Order* at ¶ 19.

1 offerings tailored to their needs, greatly benefiting this much ignored consumer segment.
2 Virgin Mobile will bring the same entrepreneurial spirit that has reinvigorated the
3 wireless industry to the Arizona Lifeline market, helping to redefine the wireless
4 experience for many low-income consumers in the state. Other carriers, therefore, will
5 have the incentive to improve their existing service offerings and tailor service plans to
6 contain service terms and features appealing to lower-income customers. This
7 competition would represent a significant step towards ensuring that all low-income
8 customers share in the many benefits associated with access to wireless services, which a
9 study found to be a vital economic resource for low-income consumers that leads to
10 improved wage levels and personal safety.³⁴

11 Virgin Mobile's Lifeline customers will receive the same high-quality wireless
12 services provided to all Company customers. Virgin Mobile has emphasized customer
13 service as an essential pillar for its marketplace success since service launch. Indeed, the
14 Company's success is testament to the principle that wireless carriers can provide lower-
15 income customers with the same features, functionalities and services demanded by
16 higher-income consumers. This intense focus on customer service has been rewarded and
17 customers have responded accordingly. As evidence of its commitment to high-quality
18 service, Virgin Mobile has complied with the CTIA-The Wireless Association®
19 Consumer Code for Wireless Service ("Consumer Code") since its inception and will
20 continue to comply with the Consumer Code once designated as an ETC.³⁵ Virgin
21 Mobile annually certifies its compliance with the Consumer Code, and the FCC has
22 recognized the value of such compliance.³⁶ In prior years, the Company has also received

23
24 ³⁴ See Sullivan, "A Review of Literature and Data from Two New Surveys," April 2008.

25 ³⁵ Virgin Mobile's compliance with the Consumer Code also satisfies its obligations under the FCC's
26 regulations. See 47 C.F.R. § 54.202(a)(3).

³⁶ See *Federal-State Joint Board on Universal Service Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier In the Commonwealth of Virginia*, Memorandum Opinion and Order, 19 FCC Rcd 1563, 1576-77, wherein the FCC endorsed the Consumer Code by considering adherence to the Consumer Code

1 numerous awards for its high-quality customer service, including the prestigious J.D.
2 Power award for providing “An Outstanding Customer Service Experience” under J.D.
3 Power’s Certified Call Center Program.

4 While Virgin Mobile has experienced success in deploying wireless services to
5 low-income consumers, internal Company analysis suggests that many low-income
6 customers still intermittently discontinue service because of economic constraints. ETC
7 designation in Arizona would enable Virgin Mobile to offer appealing and affordable
8 service offerings to low-income Arizona customers to ensure that they are able to afford
9 wireless services on a consistent and uninterrupted basis. Without question, prepaid
10 wireless services have become essential for lower-income customers, providing them with
11 value for their money, access to emergency services on wireless devices, and a reliable
12 means of contact for prospective employers, social service agencies or dependents.³⁷
13 Providing Virgin Mobile with the authority necessary to offer discounted Lifeline services
14 to those most in danger of losing wireless service altogether undoubtedly promotes the
15 public interest.

16 VI. COMMUNICATIONS REGARDING APPLICATION

17 Correspondence or communications pertaining to this Application should be
18 directed to Virgin Mobile’s attorneys of record:

19 ///
20 ///
21 ///

22
23
24

25 as a factor in the demonstration of a wireless carrier’s qualifications to be an eligible telecommunications carrier.
26 ³⁷ Indeed, a recent aggregate survey of Virgin Mobile customer usage patterns indicated that state and city welfare agencies are among the most frequently contacted by customers.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Scott S. Wakefield, Esq.
RIDENOUR HIENTON & LEWIS
Chase Tower
201 N. Central Ave, Suite 3300
Phoenix, AZ 85004
Tel: 602-254-9900
swakefield@rhlfirm.com

and

Stephen H. Kukta
SprintNextel
Director/Senior Counsel
201 Mission St., Suite 1500
San Francisco, CA 94105
Tel: (415) 572-8358
stephen.h.kukta@sprint.com

VII. CONCLUSION

As discussed above, designation of Virgin Mobile as an ETC in the State of Arizona is in accord with the requirements of Section 214(e)(2) of the Act and is in the public interest.

WHEREFORE, for all of the foregoing reasons, Virgin Mobile respectfully requests that the Commission designate Virgin Mobile as an ETC in the State of Arizona solely for purposes of participating in the Lifeline program.

Dated this 21st day of December, 2011.

RIDENOUR, HIENTON, & LEWIS, P.L.L.C.

By Scott S. Wakefield
Scott S. Wakefield
201 North Central Avenue, Suite 3300
Phoenix, Arizona 85004-1052
Attorneys for Virgin Mobile USA

///
///

1 ORIGINAL and 13 copies filed
this 27th day of December, 2011 with:

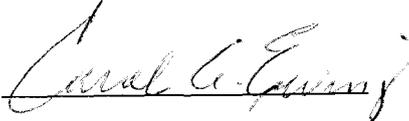
2 Docket Control
3 Arizona Corporation Commission
1200 W. Washington Street
4 Phoenix, AZ 85007

5 COPY of the foregoing HAND-
DELIVERED this day of
6 December, 2011 to:

7 Lyn Farmer, Esq.
8 Chief Administrative Law Judge
Hearing Division
9 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

10 Janice M. Alward, Esq.
11 Chief Counsel, Legal Division
Arizona Corporation Commission
1200 W. Washington Street
12 Phoenix, AZ 85007

13 Steven M. Olea, Director
14 Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
15 Phoenix, AZ 85007

16 
17

18

19

20

21

22

23

24

25

26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

EXHIBIT 1
WIRE CENTERS

GLLI	Company Name	Category	Intersecting -98 dB Coverage Area	Coverage Status	Intersecting Indian Land
PEOAZFS	ACCIPITER COMMUNICATIONS INC	ILEC	TRUE	PARTIAL	FALSE
BLRGZXC	ARIZONA TELEPHONE CO.	ILEC	TRUE	PARTIAL	FALSE
DTLDAZ01	ARIZONA TELEPHONE CO.	ILEC	TRUE	PARTIAL	TRUE
HRVYAZXC	ARIZONA TELEPHONE CO.	ILEC	TRUE	PARTIAL	FALSE
MMLKAZXC	ARIZONA TELEPHONE CO.	ILEC	TRUE	PARTIAL	TRUE
RSVTAZXC	ARIZONA TELEPHONE CO.	ILEC	TRUE	PARTIAL	FALSE
SASBAZXC	ARIZONA TELEPHONE CO.	ILEC	TRUE	PARTIAL	TRUE
TNBSAZXC	ARIZONA TELEPHONE CO.	ILEC	TRUE	PARTIAL	FALSE
CIBCAZXC	CITIZENS TELECOM CO OF WHT MTNS INC.	ILEC	TRUE	PARTIAL	TRUE
HLBKAZXC	CITIZENS TELECOM CO OF WHT MTNS INC.	ILEC	TRUE	PARTIAL	TRUE
SNWFZXC	CITIZENS TELECOM CO OF WHT MTNS INC.	ILEC	TRUE	PARTIAL	FALSE
STJHAZXB	CITIZENS TELECOM CO OF WHT MTNS INC.	ILEC	TRUE	PARTIAL	TRUE
BLCYAZXC	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	TRUE
BLCYAZXE	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	FALSE
CSRKAZXC	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	TRUE
DLSPAZXC	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	FALSE
GLVYAZXC	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	FALSE
KGMNAZXC	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	FALSE
KGMNAZXE	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	TRUE
LHCYAZXC	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	TRUE
MHVYAZXC	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	TRUE
TXTNAZAB	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	TRUE
YUCCAZXC	CITIZENS UTILITIES RURAL DBA FRONTIER UT RURAL	ILEC	TRUE	PARTIAL	FALSE
DNCNAZXC	COPPER VALLEY TELEPHONE, INC.	ILEC	TRUE	PARTIAL	FALSE
ELFRAZXC	COPPER VALLEY TELEPHONE, INC.	ILEC	TRUE	PARTIAL	FALSE
MOCKAZXC	FORT MOJAVE TELECOM, INC.	ILEC	TRUE	PARTIAL	TRUE
BOUSAZXC	FRONTIER COMMUNICATIONS OF THE SOUTHWEST INC - AZ	ILEC	TRUE	PARTIAL	FALSE
CIBLAZXC	FRONTIER COMMUNICATIONS OF THE SOUTHWEST INC - AZ	ILEC	TRUE	PARTIAL	FALSE
EHRNAZXF	FRONTIER COMMUNICATIONS OF THE SOUTHWEST INC - AZ	ILEC	TRUE	PARTIAL	TRUE
PRDMAZXC	FRONTIER COMMUNICATIONS OF THE SOUTHWEST INC - CA	ILEC	TRUE	PARTIAL	TRUE
PSTNAZXC	FRONTIER COMMUNICATIONS OF THE SOUTHWEST INC - CA	ILEC	TRUE	PARTIAL	TRUE
LNBTAZXC	GILA RIVER TELECOMM, INC.	ILEC	TRUE	PARTIAL	TRUE
CSELAZXC	MIDVALE TELEPHONE EXCHANGE, INC.	ILEC	TRUE	PARTIAL	FALSE

DEWYAZ01	MIDVALE TELEPHONE EXCHANGE, INC.	ILEC	TRUE	PARTIAL	FALSE
ELOYAZ05	MIDVALE TELEPHONE EXCHANGE, INC.	ILEC	TRUE	PARTIAL	TRUE
SCDMAZ89	MIDVALE TELEPHONE EXCHANGE, INC.	ILEC	TRUE	PARTIAL	FALSE
YONGAZXC	MIDVALE TELEPHONE EXCHANGE, INC.	ILEC	TRUE	PARTIAL	TRUE
AGFIAZSR	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
ASFKAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
AZCYAZ03	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
BCKYAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
BISBAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
BLCNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
BNSNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
BNSNAZSD	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
BRDSAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
CHNDAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
CHNDAZSO	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
CHNDAZWE	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
CHVYAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
CLDGAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
CMVRAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
CMVRAZRR	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
CRCYAZNM	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
CRNDAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
CSGRAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
CTWDAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
CTWDAZSO	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
CVCKAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
DDVLAZNM	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
DGLSAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
DRVYAZNO	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
ELOYAZ01	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
FLGSAZEA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
FLGSAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
FLGSAZSO	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
FLRNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
FTMDAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
FTMDAZNO	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
GDYRAZCW	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE

GLBNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
GLDLAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
GLOBAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
GNVYAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
HGLYAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
HGLYAZQC	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
HMBLAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
JSCYAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
KRNYAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
LTPKAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
MAARAZ02	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
MAARAZ03	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
MAARAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
MESAAZGI	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
MESAAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
MIAMAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
MMTHAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
MRCPAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
MSPKAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
NGLSAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
NGLSAZMW	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
NWRVAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
ORCLAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
PHNXAZ81	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
PHNXAZBW	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZCA	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZEA	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZGR	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZLV	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
PHNXAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZMR	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZMY	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZNE	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZNO	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZNW	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZPP	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
PHNXAZPR	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE

PHNXAZE	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZSO	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
PHNXAZSY	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PHNXAZWE	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
PIMAAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
PINEAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
PLMNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
PRSCAZE	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
PRSCAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
PRVYAZPP	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
PTGNAZEL	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
PTGNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
PYSNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
SCDLAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
SCDLAZSH	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
SCDLAZTH	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
SEDNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
SEDNAZSO	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
SFFRAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
SMTNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
SNMNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
SPRRAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
SPRSAZE	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
SPRSAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
SPRSAZWE	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
SRVSAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
SRVSAZNO	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
SRVSAZSO	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
STFDAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
TCSNAZCA	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TCSNAZCO	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TCSNAZCR	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TCSNAZEA	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TCSNAZFW	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TCSNAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TCSNAZML	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
TCSNAZNO	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE

TCSNAZRN	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TCSNAZSE	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TCSNAZSO	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
TCSNAZSW	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
TCSNAZTV	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TCSNAZWE	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TEMPAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TEMPAZMC	QWEST CORPORATION	RBOC	TRUE	FULL	FALSE
TLNSAZMA	QWEST CORPORATION	RBOC	TRUE	FULL	TRUE
TMBSAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
TNCKAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
TUBCAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
VAILAZNO	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
VAILAZSO	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
WCBGAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
WHTKAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
WHTLAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
WLCXAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
WLMsAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
WLTNAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
WNBGAZ01	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
WNSLAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
YUMAAZFT	QWEST CORPORATION	RBOC	TRUE	PARTIAL	FALSE
YUMAAZMA	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
YUMAAZSE	QWEST CORPORATION	RBOC	TRUE	PARTIAL	TRUE
BVDMAZ01	RIO VIRGIN TELEPHONE CO., INC.	ILEC	TRUE	PARTIAL	FALSE
PRDTAZ01	SAN CARLOS APACHE TELECOMMUNICATIONS UTILITY, INC.	ILEC	TRUE	PARTIAL	TRUE
CLCYAZAA	SOUTH CENTRAL UTAH TELEPHONE ASSOCIATION, INC.	ILEC	TRUE	PARTIAL	TRUE
QRTAZXC	SOUTHWESTERN TELEPHONE CO.	ILEC	TRUE	PARTIAL	FALSE
SALMAZXC	SOUTHWESTERN TELEPHONE CO.	ILEC	TRUE	PARTIAL	FALSE
AGULAZXC	TABLE TOP TELEPHONE CO., INC.	ILEC	TRUE	PARTIAL	FALSE
PRSCAZFW	TABLE TOP TELEPHONE CO., INC.	ILEC	TRUE	PARTIAL	FALSE
SGMINAZXC	TABLE TOP TELEPHONE CO., INC.	ILEC	TRUE	PARTIAL	FALSE
SNDRAZXC	TABLE TOP TELEPHONE CO., INC.	ILEC	TRUE	PARTIAL	TRUE
BONTAZXC	VALLEY TELEPHONE COOPERATIVE, INC.	ILEC	TRUE	PARTIAL	TRUE
BOWIAZXC	VALLEY TELEPHONE COOPERATIVE, INC.	ILEC	TRUE	PARTIAL	FALSE
PERCAZXC	VALLEY TELEPHONE COOPERATIVE, INC.	ILEC	TRUE	PARTIAL	FALSE

PRTLAZXC	VALLEY TELEPHONE COOPERATIVE, INC.	ILEC	TRUE	PARTIAL	FALSE
SNSMAZXC	VALLEY TELEPHONE COOPERATIVE, INC.	ILEC	TRUE	PARTIAL	FALSE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

EXHIBIT 2

2010 FCC ORDER

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

In the Matter of)	
)	
Telecommunications Carriers Eligible for Universal Service Support)	WC Docket No. 09-197
)	
Virgin Mobile USA, L.P. Petition for Designation as an Eligible Telecommunications Carrier in the State of Alabama)	
)	
Virgin Mobile USA, L.P. Petition for Designation as an Eligible Telecommunications Carrier in the State of Connecticut)	
)	
Virgin Mobile USA, L.P. Petition for Designation as an Eligible Telecommunications Carrier in the District of Columbia)	
)	
Virgin Mobile USA, L.P. Petition for Designation as an Eligible Telecommunications Carrier in the State of Delaware)	
)	
Virgin Mobile USA, L.P. Petition for Designation as an Eligible Telecommunications Carrier in the State of New Hampshire)	

ORDER

Adopted: December 29, 2010

Released: December 29, 2010

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. This order addresses five petitions filed by Virgin Mobile USA, L.P. (Virgin Mobile) pursuant to section 214(e)(6) of the Communications Act of 1934, as amended (the Act), and section 54.202 of the Commission's rules.¹ Virgin Mobile seeks designation as an eligible telecommunications carrier (ETC) for the limited purpose of receiving federal universal service Lifeline support in its licensed service areas in Alabama, Connecticut, Delaware, New Hampshire, and the District of Columbia. As

¹ 47 U.S.C. § 214(e)(6); 47 C.F.R. § 54.202; see Petition of Virgin Mobile USA, L.P. for ETC Designation in the State of Alabama, WC Docket No. 09-197 (filed Jan. 15, 2010) (Virgin Mobile Alabama Petition); Petition of Virgin Mobile USA, L.P. for ETC Designation in the State of Connecticut, WC Docket No. 09-197 (filed Feb. 17, 2010) (Virgin Mobile Connecticut Petition); Petition of Virgin Mobile USA, L.P. for ETC Designation in the State of Delaware, WC Docket No. 09-197 (filed Feb. 17, 2010) (Virgin Mobile Delaware Petition); Petition of Virgin Mobile USA, L.P. for ETC Designation in the District of Columbia, WC Docket No. 09-197 (filed Feb. 17, 2010) (Virgin Mobile DC Petition); Petition of Virgin Mobile USA, L.P. for ETC Designation in the State of New Hampshire, WC Docket No. 09-197 (filed Feb. 17, 2010) (Virgin Mobile New Hampshire Petition) (collectively, Virgin Mobile ETC Petitions).

discussed more fully below, we conditionally grant Virgin Mobile's petitions for limited designation as an ETC. In so doing, we find that while Virgin Mobile meets the eligibility requirements of section 214(e)(6) of the Act and the Commission's rules to be designated as an ETC, the public interest requires that Virgin Mobile comply with specific conditions, including fulfillment of certain voluntary commitments, designed to promote public safety among Lifeline customers and safeguard against waste, fraud, and abuse in the Lifeline program.²

II. BACKGROUND

A. The Act

2. Section 254(e) of the Act provides that "only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific federal universal service support."³ Pursuant to section 214(e)(1)(A) and (B), a common carrier designated as an ETC must offer and advertise the services supported by the federal universal service support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services throughout its designated service area.⁴

3. Section 214(e)(2) of the Act gives state commissions the primary responsibility for designating ETCs in their states.⁵ Section 214(e)(6) directs the Commission, upon request, to designate as an ETC "a common carrier providing telephone exchange service and exchange access that is not subject to the jurisdiction of a State commission."⁶ Under section 214(e)(6), the Commission may, with respect to an area served by a rural telephone company, and shall, in all other cases, designate more than one common carrier as an ETC for a designated service area, consistent with the public interest, convenience, and necessity, so long as the requesting carrier meets the requirements of section 214(e)(1).⁷ Before designating an additional ETC for an area served by a rural telephone company, the Commission must determine that the designation is in the public interest.⁸ The Wireline Competition Bureau (Bureau) has delegated authority to consider ETC designation requests.⁹

B. Commission Requirements for ETC Designation

4. An ETC petition must contain the following: (1) a certification and brief statement of supporting facts demonstrating that the petitioner is "not subject to the jurisdiction of a state commission"; (2) a certification that the petitioner offers all services designated for support by the Commission pursuant to section 254(c) of the Act; (3) a certification that the petitioner offers the supported services "either using its own facilities or a combination of its own facilities and resale of another carrier's services"; (4) a description of how the petitioner "advertise[s] the availability of the [supported] services and the charges therefor using media of general distribution"; and (5) if the petitioner

² 47 U.S.C. § 214(e)(6); 47 C.F.R. § 54.202.

³ 47 U.S.C. § 254(e).

⁴ 47 U.S.C. § 214(e)(1)(A), (B).

⁵ 47 U.S.C. § 214(e)(2).

⁶ 47 U.S.C. § 214(e)(6).

⁷ *Id.*

⁸ *Id.*

⁹ See *Procedures for FCC Designation of Eligible Telecommunications Carriers Pursuant to Section 214(e)(6) of the Communications Act*, CC Docket No. 96-45, Public Notice, 12 FCC Rcd 22947, 22948 (1997) (*Section 214(e)(6) Public Notice*).

is not a rural telephone company, a detailed description of the geographic service area for which it requests an ETC designation from the Commission.¹⁰

5. In addition, an ETC applicant must demonstrate: (1) a commitment and ability to provide service, including providing service to all customers within its proposed service area; (2) how it will remain functional in emergency situations; (3) that it will satisfy consumer protection and service quality standards; (4) that it offers local usage comparable to that offered by the incumbent local exchange carrier (LEC); and (5) an understanding that it may be required to provide equal access if all other ETCs in the designated service area relinquish their designations pursuant to section 214(e)(4) of the Act.¹¹

6. Prior to designating an ETC pursuant to section 214(e)(6), the Commission must determine whether such designation is in the public interest.¹² In determining the public interest, the Commission considers the benefits of increased consumer choice and the unique advantages and disadvantages of the applicant's service offering.¹³ As the Commission noted in the *ETC Designation Order*, the same factors may warrant a different outcome depending on the specifics of the proposed service area and whether it is served by a rural or a non-rural telephone company.¹⁴ In particular, the Commission limits its creamskimming analysis to designations in areas served by rural telephone companies.¹⁵

C. Federal Universal Service Lifeline Support

7. The federal universal service Lifeline program is designed to reduce the monthly cost of telecommunications service for qualifying consumers. Lifeline provides low-income consumers with

¹⁰ *Id.*

¹¹ See *Federal-State Joint Board on Universal Service*, CC Docket No. 95-45, Report and Order, 20 FCC Rcd 6371, 6380, para. 20 (2005) (*ETC Designation Order*) (citing *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, 19 FCC Rcd 4259, 4261, para. 5 (Fed-State Jt. Bd. 2004)). These requirements are mandatory for all ETCs designated by the Commission. See 47 C.F.R. § 54.202(a), (b).

¹² 47 U.S.C. § 214(e)(6); 47 C.F.R. § 54.202(c); see also *ETC Designation Order*, 20 FCC Rcd at 6388-96, paras. 40-57; *Federal-State Joint Board on Universal Service; Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier in Virginia*, CC Docket No. 96-45, Memorandum Opinion and Order, 19 FCC Rcd 1563, 1575, para. 27 (2005) (*Virginia Cellular Order*); *Federal-State Joint Board on Universal Service; Highland Cellular, Inc. Petition for Designation as an Eligible Telecommunications Carrier for the Commonwealth of Virginia*, CC Docket No. 96-45, Memorandum Opinion and Order, 19 FCC Rcd 6422, 6431-32, para. 21 (2004) (*Highland Cellular Order*). The Commission places the burden on the ETC applicant to demonstrate that designation will serve the public interest. *ETC Designation Order*, 20 FCC Rcd at 6390, para. 44. The Commission adopted a single set of criteria for evaluating the public interest for ETC designations for areas served by both rural and non-rural carriers. *Id.* at 6389-90, paras. 42-43; see also *Virginia Cellular Order*, 19 FCC Rcd at 1564, 1565, 1575-76, 1584-85, paras. 1, 4, 27, 28, 46; *Highland Cellular Order*, 19 FCC Rcd at 6422, 6439-40, paras. 1, 33.

¹³ 47 C.F.R. § 54.202(c).

¹⁴ *ETC Designation Order*, 20 FCC Rcd at 6390, para. 43. Section 3 of the Act defines the term "rural telephone company." See 47 U.S.C. § 153(37).

¹⁵ *ETC Designation Order*, 20 FCC Rcd at 6389-90, paras. 42-43. The term "creamskimming" refers to an entity offering service only to those customers who are the least expensive to serve. See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 8881-82, para. 189 (1997) (subsequent history omitted) (*Universal Service First Report and Order*). If an ETC applicant seeks designation below the study area level of a rural telephone company, the Commission conducts a creamskimming analysis to compare the population density of the wire centers in which the ETC applicant seeks designation against that of the wire centers in the study area in which the ETC applicant does not seek designation. *ETC Designation Order*, 20 FCC Rcd at 6392-95, paras. 48-53.

discounts of up to \$10.00 off of the monthly cost of telephone service.¹⁶ Enhanced Lifeline provides qualifying low-income individuals living on tribal lands with up to \$25.00 in additional discounts off the monthly cost of telephone service.¹⁷

D. Virgin Mobile Petitions

8. Virgin Mobile is a commercial mobile radio service (CMRS) provider of prepaid wireless telecommunications services. In 2009, the Commission designated Virgin Mobile as a limited ETC, eligible to receive only universal service Lifeline support in its licensed service areas in New York, Virginia, North Carolina, and Tennessee.¹⁸ The Commission conditioned Virgin Mobile's limited ETC designation for Lifeline support on Virgin Mobile's certification that it comply with any applicable 911 and enhanced 911 (E911) obligations, including obligations relating to the provision and support of 911 and E911 services.¹⁹

9. Because Virgin Mobile was a non-facilities-based CMRS provider, the Commission also conditionally granted Virgin Mobile's request for forbearance from the statutory requirement that an ETC serve its customers using its own facilities.²⁰ Among other things, the Commission conditionally granted Virgin Mobile's forbearance request on its agreement to obtain a certification from each Public Safety Answering Point (PSAP) where Virgin Mobile provides Lifeline service confirming that Virgin Mobile provides its customers with 911 and E911 access or, under certain conditions, self-certifying that it provides such access.²¹ The Commission also required Virgin Mobile to file a compliance plan, outlining the measures that it would take to implement each condition.²² The Bureau approved Virgin Mobile's compliance plan on October 29, 2009.²³

10. Virgin Mobile filed the instant petitions seeking designation as an ETC, eligible to receive universal service Lifeline support for its entire service area in Alabama, Connecticut, Delaware,

¹⁶ See 47 C.F.R. § 54.401(a); see also FCC, Lifeline Across America, http://www.lifeline.gov/lifeline_Consumers.html (last visited Dec. 15, 2010).

¹⁷ See 47 C.F.R. § 54.405(a)(4).

¹⁸ See *Virgin Mobile USA, L.P. Petition for Forbearance from 47 U.S.C. § 214(e)(1)(A); Petitions for Designation as an Eligible Telecommunications Carrier in the States of New York, North Carolina, Pennsylvania, Tennessee and Virginia*, CC Docket No. 96-45, Order, 24 FCC Rcd 3381 (2009) (*Virgin Mobile Forbearance/ETC Order*).

¹⁹ *Id.* at 3395, para. 39.

²⁰ *Id.* at 3386, para. 12.

²¹ *Id.* at 3390-91, para. 22. The Commission also required Virgin Mobile to: (1) provide its Lifeline customers with 911 and E911 access regardless of activation status and availability of prepaid minutes; (2) provide its Lifeline customers with E911-compliant handsets and replace, at no additional charge to the customer, non-compliant handsets of existing customers who obtain Lifeline-supported service; (3) comply with conditions (1) and (2) as of the date it provides Lifeline service; (4) require its customers to self-certify at time of service activation and annually thereafter that they are the head of household and receive Lifeline-supported service only from Virgin Mobile; (5) establish safeguards to prevent its customers from receiving multiple Virgin Mobile Lifeline subsidies at the same address; and (6) deal directly with customers to certify and verify the customer's Lifeline eligibility. See *id.* at 3386-87, 3390-93, paras. 12, 21-28.

²² *Id.* at 3387, 3397, paras. 12, 23.

²³ See *Federal-State Joint Board on Universal Service; Virgin Mobile USA, L.P. Petition for Forbearance from 47 U.S.C. § 214(e)(1)(A); Petition for Designation as an Eligible Telecommunications Carrier in the States of New York, North Carolina, Pennsylvania, Tennessee and Virginia*, CC Docket No. 96-45, Order, 24 FCC Rcd 13413 (2009) (*Virgin Mobile Compliance Plan Order*).

New Hampshire, and the District of Columbia.²⁴ Virgin Mobile states that it will offer Lifeline customers prepaid Lifeline services free of charge.²⁵ In its petitions, Virgin Mobile maintains that it satisfies all the statutory and regulatory requirements for designation as a limited ETC in these areas. On November 24, 2009, Virgin Mobile became a wholly owned subsidiary of Sprint Nextel Corporation (Sprint Nextel), a facilities-based wireless provider.²⁶ Virgin Mobile asserts that, with this acquisition, it is no longer a reseller of telecommunications services and therefore does not need forbearance from the facilities requirement. Virgin Mobile also asserts that as a facilities-based provider, it should not be required to obtain certification from each PSAP where it provides Lifeline service.²⁷

11. On December 14, 2010, Virgin Mobile filed a letter in which it voluntarily commits to implement procedures to combat the potential for waste, fraud, and abuse with respect to its provision of Lifeline services throughout the United States. Specifically, Virgin Mobile commits to implementing a non-usage policy (i.e., a policy for discontinuance of service in the event of non-usage), to work with state commissions to combat duplicative support for households that receive Lifeline service from more than one ETC, and to work with the Commission to develop industry-wide procedures that effectively curtail waste, fraud, and abuse.²⁸ Virgin Mobile requests that the Commission incorporate these procedures into the compliance plan previously approved by the Bureau and agrees to be bound by its commitments in all states where it provides Lifeline services.²⁹

III. DISCUSSION

A. Commission Authority to Perform the ETC Designation

12. Virgin Mobile provided an “affirmative statement” from the Public Service Commission of the District of Columbia (DC Commission) and each of the relevant state commissions providing that each commission lacks jurisdiction to perform the requested ETC designation and that the Commission

²⁴ See Virgin Mobile Alabama Petition; Virgin Mobile Connecticut Petition; Virgin Mobile Delaware Petition; Virgin Mobile DC Petition; Virgin Mobile New Hampshire Petition. The Bureau released public notices seeking comment on each of Virgin Mobile ETC Petitions. *Comment Sought on Petition of Virgin Mobile for Limited Designation as an Eligible Telecommunications Carrier in Alabama*, WC Docket No. 09-197, Public Notice, 25 FCC Red 965 (Wireline Comp. Bur. 2010); *Comment Sought on Petition of Virgin Mobile for Limited Designation as an Eligible Telecommunications Carrier in Connecticut, Delaware, New Hampshire, and the District of Columbia*, WC Docket No. 09-197, Public Notice, 25 FCC Red 1981 (Wireline Comp. Bur. 2010). A list of commenters is provided in Appendix A of this order.

²⁵ Virgin Mobile states that through its branded prepaid Lifeline service, “Assurance Wireless Brought to You by Virgin Mobile,” it will offer free voice services and a variety of other standard features such as voicemail and call waiting services. Virgin Mobile indicates that new customers may elect to receive a free Assurance Wireless-branded handset with E911 functionality. See Virgin Mobile Alabama Petition at 8; Virgin Mobile Connecticut Petition at 8; Virgin Mobile Delaware Petition at 7–8; Virgin Mobile DC Petition at 7–8; Virgin Mobile New Hampshire Petition at 8; see also *Virgin Mobile Compliance Plan Order*, 24 FCC Red at 13418, para. 11 & n.33 (reminding Virgin Mobile that all Lifeline customers must have E911-compliant handsets if Virgin Mobile is to be eligible to receive support).

²⁶ Virgin Mobile Alabama Petition at 2 n.2; Virgin Mobile Connecticut Petition at 2 n.2; Virgin Mobile Delaware Petition at 2 n.2; Virgin Mobile DC Petition at 2 n.2; Virgin Mobile New Hampshire Petition at 2 n.2.

²⁷ Virgin Mobile Alabama Petition at 9; Virgin Mobile Connecticut Petition at 9; Virgin Mobile Delaware Petition at 8–9; Virgin Mobile DC Petition at 8–9; Virgin Mobile New Hampshire Petition at 9.

²⁸ Virgin Mobile December 14 *Ex Parte* Letter at 2–3.

²⁹ *Id.* at 1–2.

has authority to consider Virgin Mobile's petition under section 214(e)(6) of the Act.³⁰ Virgin Mobile therefore has demonstrated that it is not subject to the jurisdiction of the Alabama Public Service Commission (Alabama Commission), Connecticut Department of Public Utility Control (Connecticut Commission), Delaware Public Service Commission (Delaware Commission), New Hampshire Public Utilities Commission (New Hampshire Commission), or the DC Commission. Accordingly, we find that the commissions lack jurisdiction to designate Virgin Mobile as an ETC and this Commission has authority to perform the requested ETC designations.³¹

B. Analysis of Eligibility Requirements

13. *Offering the Services Designated for Support.* Virgin Mobile has demonstrated through its filing and certifications that it now offers or will offer upon designation as a limited ETC, the services supported by the Lifeline program.³² Virgin Mobile states that it now provides the services and functionalities enumerated in section 54.101(a) of the Commission's rules throughout its licensed service areas.³³

14. With respect to providing access to emergency services, Virgin Mobile states that it provides nationwide access to 911 emergency services for all of its customers.³⁴ Virgin Mobile also states that it complies with the Commission's regulations governing the deployment and availability of E911 compatible handsets.³⁵ Given the nature of Virgin Mobile's service offering, as well as the possibility that Virgin Mobile's Lifeline supported service will be the customer's only means of accessing emergency personnel, we require Virgin Mobile (1) to provide its Lifeline customers with 911 and E911 access regardless of activation status and availability of prepaid minutes and (2) to provide E911-compliant handsets to all of its Lifeline customers, and to replace, at no charge to the customer, any non-compliant handset of an existing customer that obtains Lifeline-supported services with an E911-compliant handset, consistent with prior determinations by the Commission.³⁶ We find that continuing to require Virgin Mobile to comply with these additional requirements promotes public safety among Lifeline customers.

³⁰ Virgin Mobile Alabama Petition at 5-6, Exh. 1; Virgin Mobile Connecticut Petition at 5-6, Exh. 1; Virgin Mobile Delaware Petition at 5-6, Exh. 1; Virgin Mobile DC Petition at 5-6, Exh. 1; Virgin Mobile New Hampshire Petition at 5-6, Exh.1.

³¹ 47 U.S.C. § 214(e)(6).

³² See Virgin Mobile Alabama Petition at 12-14; Virgin Mobile Connecticut Petition at 10-13; Virgin Mobile Delaware Petition at 10-12; Virgin Mobile DC Petition at 10-12; Virgin Mobile New Hampshire Petition at 10-13.

³³ Specifically, Virgin Mobile certifies that it provides voice grade access to the public switched telephone network, local usage, dual-tone multi-frequency (DTMF) signaling, access to 911 emergency services, the functional equivalent of single-party service, access to operator services, access to interexchange services, and access to directory assistance for qualifying low-income customers. See Virgin Mobile Alabama Petition at 11; Virgin Mobile Connecticut Petition at 10; Virgin Mobile Delaware Petition at 10; Virgin Mobile DC Petition at 10; Virgin Mobile New Hampshire Petition at 10. The Commission previously found that the prepaid nature of Virgin Mobile's Lifeline offering essentially functions as a toll control feature, which is required under the Act and the Commission's rules. See *Virgin Mobile Forbearance/ETC Order*, 24 FCC Rcd at 3394, para. 34. Virgin Mobile also states that it commits to complying with (1) any minimum local usage requires adopted by the Commission; and (2) the Commission's regulations governing the deployment and availability of E911 compatible handsets. See Virgin Mobile Alabama Petition at 10-13; Virgin Mobile Connecticut Petition at 10-13; Virgin Mobile Delaware Petition at 10-12; Virgin Mobile DC Petition at 10-12; Virgin Mobile New Hampshire Petition at 10-13.

³⁴ Virgin Mobile Alabama Petition at 12; Virgin Mobile Connecticut Petition at 12; Virgin Mobile Delaware Petition at 11; Virgin Mobile DC Petition at 11; Virgin Mobile New Hampshire Petition at 12.

³⁵ *Id.*

³⁶ See *Virgin Mobile Forbearance/ETC Order*, 24 FCC Rcd at 3391, para. 23.

15. *Offering the Supported Services Using a Carrier's Own Facilities.* We also find that Virgin Mobile, a wholly owned affiliate of Sprint Nextel, "owns" Sprint Nextel's facilities for purposes of the facilities requirement in section 214(e) of the Act. Prior to Sprint Nextel's acquisition of Virgin Mobile, Sprint Nextel provided the nationwide wireless backbone, including all network infrastructure and wireless transmission facilities for Virgin Mobile's service.³⁷ Virgin Mobile purchased wireless network services on a wholesale basis from Sprint Nextel. With Sprint Nextel's acquisition of Virgin Mobile, the wholesaler-reseller relationship changed such that Virgin Mobile now enjoys "beneficial use of Sprint's wireless facilities" without arm's length transactions or purchase of service from Sprint.³⁸ Based on these facts, we find that Virgin Mobile has its "own facilities" for the purposes of the section 214(e)(1) facilities requirement. Accordingly, we find that Virgin Mobile no longer needs forbearance and need not comply with the obligations imposed as conditions of forbearance from the Act's facilities requirement, except as otherwise specified herein, before receiving universal service support. Instead, as with other facilities-based carriers, Virgin Mobile must offer the supported services using its own facilities or a combination of its own facilities and the resale of another carrier's services.³⁹

16. We disagree with comments suggesting that Virgin Mobile cannot treat its parent's facilities as its own because the two are distinct legal entities or because Virgin Mobile has a distinct brand and customer base from Sprint.⁴⁰ The Commission has previously rejected a formalistic definition of what constitutes a carrier's "own facilities" under section 214(e) in favor of a more flexible approach that meets the goals of universal service.⁴¹ We also disagree with the suggestions of some that the definitions of "facilities-based carrier" or "reseller" found elsewhere in federal law must apply here.⁴² As the Commission noted in the *Universal Service First Report and Order*, the section 214(e) facilities requirement must be construed in light of the goals of the Act.⁴³ Thus, while we may look to the definitions used in other contexts, those definitions do not bind or constrict our interpretation.

17. *Advertising Supported Services.* Virgin Mobile has committed to advertise the availability of the supported services using media of general distribution.⁴⁴ In addition, Virgin Mobile has

³⁷ See Virgin Mobile USA L.P. Petition for Forbearance, CC Docket No. 96-45 (filed Dec. 5, 2007).

³⁸ Letter from Antoinette Cook Bush, Counsel, Virgin Mobile USA, L.P., to Marlene H. Dortch, Secretary, FCC, at 2 & 3 n.7 (June 9, 2009) (*Virgin Mobile June 9 Ex Parte Letter*). The Commission previously concluded that entities "enjoying the beneficial use of property" may consider that property their "own." See *Universal Service First Report and Order*, 12 FCC Rcd at 8865, para. 158.

³⁹ Our decision here does not modify the previously established conditions for Virgin Mobile's limited ETC designation in New York, North Carolina, Tennessee, and Virginia. Virgin Mobile is obligated to comply with all the conditions in the *Virgin Mobile Forbearance/ETC Order* in those states. See *Virgin Mobile Reply* at 7 n.9 (acknowledging continuing conditions). We also emphasize that our decision here does not limit the Commission's ability in the future to condition ETC designation of a prepaid wireless service provider on compliance with obligations designed to protect the public interest.

⁴⁰ See AUA Comments at 4-5.

⁴¹ See *Universal Service First Report and Order*, 12 FCC Rcd at 8865-66, paras. 158-61.

⁴² See Supplemental information submitted by Sheila Stickel, President and Executive Director, Advocates for Universal Access, LLC, at 2 n.3 (filed Apr. 30, 2010) (citing a definition of "facilities-based carrier" found in 18 U.S.C. § 1829); *Virgin Mobile June 9 Ex Parte Letter* at 3 (citing a definition of "reseller" found in a Commission report).

⁴³ See *Universal Service First Report and Order*, 12 FCC Rcd at 8866, para. 161.

⁴⁴ *Virgin Mobile Alabama Petition* at 5-6, Exh. 1; *Virgin Mobile Connecticut Petition* 14; *Virgin Mobile New Hampshire Petition* at 14; *Virgin Mobile Delaware Petition* at 14; *Virgin Mobile DC Petition* at 14.

committed to advertising and promoting the availability of Lifeline services in a manner reasonably designed to reach those likely to qualify for Lifeline.⁴⁵

18. *Additional Eligibility Requirements.* Virgin Mobile also satisfies the eligibility requirements set forth in the *ETC Designation Order*, described above, or must make such showings in its first annual reports under section 54.209 of the Commission's rules.⁴⁶

C. Public Interest Analysis

19. We find that Virgin Mobile's universal service offering will provide a variety of benefits to Lifeline-eligible consumers including increased consumer choice, high-quality service offerings, and mobility. In addition, Virgin Mobile's prepaid feature may be attractive to Lifeline-eligible consumers who might otherwise be reluctant to subscribe to telephone service because of concerns about usage charges and long-term contracts. We note that we do not need to perform a creamskimming analysis because Virgin Mobile is eligible for Lifeline support only.⁴⁷

20. Consistent with previous findings of the Commission and the goals of promoting the public interest and safeguarding the Lifeline fund, we condition Virgin Mobile's limited ETC designation in Alabama, Connecticut, Delaware, New Hampshire, and the District of Columbia on Virgin Mobile: (a) requiring each customer to self-certify at time of service activation and annually thereafter that he or she is the head of household and receives Lifeline-supported service only from that carrier; (b) establishing safeguards to prevent its customers from receiving multiple Lifeline subsidies from that carrier at the same address; (c) dealing directly with the customer to certify and verify the customer's Lifeline eligibility; (d) certifying that it is in full compliance with any applicable 911/E911 obligations, including obligations relating to the provision, and support, of 911 and E911 service for each state in which we designate it as a limited ETC.⁴⁸

21. The Commission has recognized that the potential for more than one Lifeline-supported service per eligible consumer is an industry-wide problem.⁴⁹ To help alleviate this concern as it relates to Virgin Mobile customers, Virgin Mobile must require its Lifeline customers to self-certify under penalty of perjury upon service activation, and then annually thereafter, that they are the head of household and only receive Lifeline-supported services from Virgin Mobile. Virgin Mobile must ensure that the penalty for perjury is clearly stated on the certification form. Virgin Mobile must also track its Lifeline customer's primary residential address and prohibit more than one supported Virgin Mobile service at each residential address. Additionally, Virgin Mobile must maintain the self-certification and provide the documentation to the Commission upon request.

22. In order to ensure that Virgin Mobile complies with the conditions and requirements herein, Virgin Mobile must distribute its Lifeline service directly to its Lifeline customers. Customers may purchase handsets at Virgin Mobile's retail stores, but Virgin Mobile must deal directly with the

⁴⁵ *Id.*

⁴⁶ See *supra* para. 5; *ETC Designation Order*, 23 FCC Rcd at 6380, para. 20; 47 C.F.R. §§ 54.202(a), 54.209; see Virgin Mobile ETC Petitions.

⁴⁷ *Federal-State Joint Board on Universal Service; TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of New York et al.*, CC Docket No. 96-45, Order, 23 FCC Rcd 6206, 6213 n.47 (2008) (*TracFone ETC Designation Order*).

⁴⁸ See *Virgin Mobile Forbearance/ETC Order*, 24 FCC Rcd at 3392, 3395, paras. 25–26, 39.

⁴⁹ See *id.* at 3392, para. 25; *TracFone Forbearance Order*, 20 FCC Rcd at 15103, para. 18; see also *infra* para. 24.

customer to certify and verify the customer's Lifeline eligibility. When establishing initial and continued eligibility, Virgin Mobile must have direct contact with the Lifeline customer.⁵⁰

23. We also find that requiring Virgin Mobile to comply with state-level 911 and E911 requirements as a condition to its limited ETC designation serves the public interest.⁵¹ We therefore condition Virgin Mobile's designations as an ETC eligible for Lifeline support in each state on its certification that it is in full compliance with any applicable 911 and E911 obligations, including obligations relating to the provision and support of 911 and E911 services.

24. As previously noted, Virgin Mobile has voluntarily committed to implementing certain procedures to guard against waste, fraud, and abuse of its Lifeline service. In support of efforts to combat duplicative support in the Lifeline program, Virgin Mobile has voluntarily committed to providing state commissions with data that will enable the states to track whether some consumers are enrolled in more than one Lifeline program. Specifically, Virgin Mobile agrees (a) to "make available state-specific customer data, including name and address, to each state PUC where it operates for the purpose of permitting the PUC to determine whether an existing Assurance Wireless Lifeline customer receives Lifeline service from another carrier," (b) to "promptly investigate any notification that it receives from a state PUC that one of its customers already receives Lifeline service from another carrier," and (c) to "immediately deactivate the customer's Lifeline service and Virgin Mobile will no longer report that customer on USAC Form 497" if Virgin Mobile's "investigation conclude[s] that the customer receives Lifeline services from another carrier in violation of the Commission's regulations."⁵² To guard against waste in the Lifeline program, Virgin Mobile also voluntarily commits to implementing a non-usage policy in all states where it provides Lifeline service. Virgin Mobile's non-usage policy would require Virgin Mobile to identify customers that have not used its Lifeline service for 60 days and not seek support for such customers if they do not actively use the Lifeline service during a 30-day grace period.⁵³ Virgin Mobile promises to comply with these commitments within 30 days of the effective date of this order.⁵⁴

25. We find it appropriate and in the public interest to accept Virgin Mobile's voluntary commitments, as described above, and condition Virgin Mobile designation as a limited ETC in Alabama, Connecticut, Delaware, New Hampshire, and the District of Columbia, as well as its continued ETC

⁵⁰ Direct contact may include telephone, fax, Internet, in-person consultation or otherwise, but may not include "point of sale procedures" that allow the Lifeline customers to submit qualifying information to the retail vendor. See *Virgin Mobile Forbearance/ETC Order*, 24 FCC Rcd at 3392, para. 26; *TracFone Forbearance Order*, 20 FCC Rcd at 15104, para. 19.

⁵¹ See *Virgin Mobile Forbearance/ETC Order*, 24 FCC Rcd at 3395, para. 39; *TracFone ETC Designation Order*, 23 FCC Rcd at 15104, para. 16.

⁵² Virgin Mobile December 14 *Ex Parte* Letter at 2.

⁵³ See *id.* ("Virgin Mobile will implement a 60-day inactivity policy in all states where it provides Lifeline services, unless directed otherwise by a state public utility commission ('PUC'). Under this policy, if no usage appears on a Virgin Mobile Lifeline customer's account during any continuous 60-day period, Virgin Mobile will promptly notify the customer that the customer is no longer eligible for Virgin Mobile Lifeline service subject to a 30-day grace period. During the 30-day grace period, the customer's account will remain active, but Virgin Mobile will engage in outreach efforts to determine whether the customer desires to remain on Virgin Mobile's Lifeline service. If the customer's account does not show any customer-specific activity during the grace period (such as making or receiving a voice call, receiving or sending a text message, downloading data or adding money to the account), Virgin Mobile will deactivate Lifeline services for that customer. In addition, the Company will not seek to recover a federal Universal Service Fund subsidy for the free minutes provided to the customer during the grace period or thereafter report that customer on its USAC Form 497.").

⁵⁴ *Id.*

designation in New York, North Carolina, Tennessee, and Virginia, on the company's fulfillment of these commitments.

26. In sum, subject to the above stated conditions, we find that designating Virgin Mobile as an ETC eligible only to receive Lifeline support is in the public interest.

D. Designated Service Areas

27. Based on the foregoing, we designate Virgin Mobile as a limited ETC, eligible only for Lifeline support, in its licensed service area in Alabama, Connecticut, Delaware, the District of Columbia, and New Hampshire as provided in Appendices B and C of this order.

E. Regulatory Oversight

28. Under section 254(e) of the Act, Virgin Mobile is required to use the specific universal service support it receives "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."⁵⁵ An ETC receiving Lifeline support uses that support as intended when it reduces the price of its telecommunications services by the amount of the support for the eligible consumer.⁵⁶ Lifeline assistance shall be made available to qualifying low-income consumers after the Universal Service Administrative Company (USAC) confirms that Virgin Mobile complies with the conditions imposed in this order.⁵⁷

29. Virgin Mobile must meet and continue to meet each of the criteria required by the *ETC Designation Order*, and must submit information detailing how it has satisfied the criteria annually. These records and documentation must be filed with the Commission and USAC on October 1 of each year.⁵⁸ Virgin Mobile has also committed to providing applicable consumer protection and service quality standards.⁵⁹ In addition, Virgin Mobile must report certain information to the Commission and to USAC pursuant to section 54.209 of the Commission's rules.⁶⁰

30. We find that reliance on Virgin Mobile's commitments to meet these requirements is reasonable and consistent with the public interest and the Act. We conclude that these additional reporting requirements will further the Commission's goal of ensuring that Virgin Mobile satisfies its obligation under section 214(e) of the Act to provide the services supported by the Lifeline program throughout its designated service area.⁶¹

⁵⁵ 47 U.S.C. § 254(e). Because Virgin Mobile is not eligible to receive high-cost support, we do not require it to provide high-cost certifications under sections 54.313 and 54.314 of our rules. See 47 C.F.R. §§ 54.313, 54.314.

⁵⁶ See *TracFone Forbearance Order*, 20 FCC Rcd at 15105-06, para. 26.

⁵⁷ See 47 C.F.R. § 54.401(d). As noted above, we find that Virgin Mobile's service offering meets the criteria for service and functionality contained in our rules. See *supra* paras. 13-14.

⁵⁸ See *ETC Designation Order*, 20 FCC Rcd at 6401-02, paras. 68-69.

⁵⁹ See Virgin Mobile Alabama Petition at 15-16; Virgin Mobile Connecticut Petition at 15-17; Virgin Mobile Delaware Petition at 15-17; Virgin Mobile DC Petition at 15-17; Virgin Mobile New Hampshire Petition at 16-17.

⁶⁰ See 47 C.F.R. § 54.209(a) (specifying the information to be included in the annual reports submitted by ETCs); *ETC Designation Order*, 20 FCC Rcd at 6400-02, paras. 68-69; see also *Virginia Cellular Order*, 19 FCC Rcd at 1584, para. 46 & n.140 (anticipating that annual submissions will encompass only the ETC's designated service areas). Because Virgin Mobile will only be eligible for Lifeline support, we do not require Virgin Mobile to report on network build-out and improvements or to certify that it acknowledges that the Commission may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area. See 47 C.F.R. § 54.209(a)(1), (8).

⁶¹ 47 U.S.C. § 214(e).

31. As previously noted, Virgin Mobile has an approved compliance plan that currently governs Virgin Mobile provision of Lifeline service in other states.⁶² In providing Lifeline services pursuant to the conditional ETC designations granted herein, Virgin Mobile must comply with the measures described in its existing compliance plan, as they relate to the conditions imposed herein and modified to reflect the additional voluntary commitments described in this order.⁶³

32. We note that the Commission may institute an inquiry on its own motion to examine Virgin Mobile's records and documentation to ensure that the universal service support it receives is being used for the purpose for which it was intended.⁶⁴ Virgin Mobile is required to provide such records and documentation to the Commission and USAC upon request. We further emphasize that, if Virgin Mobile fails to fulfill the requirements of the Act, the Commission's rules, or the terms of this order after it begins receiving universal service support, the Commission may exercise its authority to revoke Virgin Mobile's ETC designation.⁶⁵ The Commission also may assess forfeitures for violations of Commission rules and orders.⁶⁶

IV. ANTI-DRUG ABUSE ACT CERTIFICATION

33. Pursuant to section 5301 of the Anti-Drug Abuse Act of 1988, no applicant is eligible for any new, modified, or renewed instrument of authorization from the Commission, including authorizations issued pursuant to section 214 of the Act, unless the applicant certifies that neither it, nor any party to its application, is subject to a denial of federal benefits, including Commission benefits.⁶⁷ Virgin Mobile has provided a certification consistent with the requirements of the Anti-Drug Abuse Act of 1988.⁶⁸ We find that Virgin Mobile's certification satisfies the requirements of the Anti-Drug Abuse Act of 1988, as codified in sections 1.2001–1.2003 of the Commission's rules.

⁶² See *supra* para. 9; see also Virgin Mobile USA, L.P. Compliance Plan, CC Docket No. 96-45 (filed Apr. 3, 2009); *Virgin Mobile Compliance Plan Order*, 24 FCC Rcd at 13413, para. 1 (approving that plan).

⁶³ We note that by accepting Virgin Mobile's voluntary commitments to implement a non-usage requirement in all states and to work with states to combat duplicative Lifeline service, we incorporate into the existing compliance plan Virgin Mobile's explanation of how it will comply with those commitments. See Virgin Mobile December 14 *Ex Parte* Letter at 1–2 (requesting the Commission to incorporate its description of how it will fulfill its voluntary commitments into its compliance plan as necessary). As such, Virgin Mobile may continue to receive support in New York, North Carolina, Tennessee, and Virginia so long as it complies with these commitments in those states within 30 days of the release of this order.

⁶⁴ 47 U.S.C. §§ 220, 403.

⁶⁵ See *Federal-State Joint Board on Universal Service; Western Wireless Corp. Petition for Preemption of an Order of the South Dakota Public Utilities Commission*, CC Docket No. 96-45, Declaratory Ruling, 15 FCC Rcd 15168, 15174, para. 15 (2000); see also 47 U.S.C. § 254(e).

⁶⁶ See 47 U.S.C. § 503(b).

⁶⁷ 21 U.S.C. § 862; 47 C.F.R. § 1.2002(a). Section 1.2002(b) provides that a "party to the application" shall include: "(1) If the applicant is an individual, that individual; (2) If the applicant is a corporation or unincorporated association, all officers, directors, or persons holding 5% or more of the outstanding stock or shares (voting/and or non-voting) of the petitioner; and (3) If the applicant is a partnership, all non-limited partners and any limited partners holding a 5% or more interest in the partnership." 47 C.F.R. § 1.2002(b); see *Section 214(e)(6) Public Notice*, 12 FCC Rcd at 22949.

⁶⁸ See Virgin Mobile Alabama Petition at 17, Exh. 2; Virgin Mobile Connecticut Petition at 18, Exh. 2; Virgin Mobile Delaware Petition at 17, Exh. 2; Virgin Mobile DC Petition at 18, Exh. 2; Virgin Mobile New Hampshire Petition at 18, Exh. 2.

V. ORDERING CLAUSES

34. ACCORDINGLY, IT IS ORDERED that, pursuant to the authority contained in section 214(e)(6) of the Communications Act of 1934, 47 U.S.C. § 214(e)(6), and pursuant to authority delegated in sections 0.91, 0.291, 1.3, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, 54.722(a), Virgin Mobile USA, L.P. IS DESIGNATED AN ELIGIBLE TELECOMMUNICATIONS CARRIER eligible only for Lifeline support for portions of its licensed service areas in Alabama, Connecticut, the District of Columbia, Delaware, and New Hampshire, to the extent described in this order and subject to the conditions set forth herein.

35. IT IS FURTHER ORDERED that, pursuant to the authority contained in section 214(e)(6) of the Communications Act of 1934, 47 U.S.C. § 214(e)(6), and pursuant to authority delegated in sections 0.91, 0.291, 1.3, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, 54.722(a), Virgin Mobile USA, L.P.'s designation as an eligible telecommunications carrier eligible only for Lifeline support in New York, North Carolina, Tennessee, and Virginia IS CONDITIONED on its implementation of the voluntary commitments in those states as described herein.

36. IT IS FURTHER ORDERED that Virgin Mobile USA, L.P. SHALL SUBMIT additional information pursuant to section 54.209 of the Commission's rules, 47 C.F.R. § 54.209, no later than October 1, 2011, as part of its annual reporting requirements.

37. IT IS FURTHER ORDERED that a copy of this order SHALL BE TRANSMITTED by the Wireline Competition Bureau to the Alabama Public Service Commission, Connecticut Department of Public Utility Control Delaware Public Service Commission, Public Service Commission of the District of Columbia, New Hampshire Public Utilities Commission, and the Universal Service Administrative Company.

38. IT IS FURTHER ORDERED that pursuant to section 1.102 of the Commission's rules, 47 C.F. R. § 1.102, this Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Sharon E. Gillett
Chief
Wireline Competition Bureau

APPENDIX A

List of Commenters

Comment Sought on Petition of Virgin Mobile for Limited Designation as an Eligible Telecommunications Carrier in Alabama, WC Docket No. 09-197, Public Notice, 25 FCC Rcd 965 (Wireline Comp. Bur. 2010)

Commenter

National Consumers League
National Emergency Number Association
TracFone Wireless, Inc.

Abbreviation

NCL/Grange
NENA
TracFone

Reply Commenter

Virgin Mobile USA, L.P.

Abbreviation

Virgin Mobile

Comment Sought on Petition of Virgin Mobile for Limited Designation as an Eligible Telecommunications Carrier in Connecticut, Delaware, New Hampshire, and the District of Columbia, WC Docket No. 09-197, Public Notice, 25 FCC Rcd 1981 (Wireline Comp. Bur. 2010)

Commenter

Advocates for Universal Access, LLC
TracFone Wireless, Inc.

Abbreviation

AUA
TracFone

Reply Commenter

Virgin Mobile USA, L.P.

Abbreviation

Virgin Mobile

APPENDIX B

Non-Rural Telephone Company Study Areas for Inclusion in Virgin Mobile's ETC Service Area

Alabama

BellSouth Telecommunications, Inc.
CenturyTel of Alabama, LLC (d/b/a CenturyLink)

Connecticut

AT&T Connecticut
Verizon Connecticut

District of Columbia

Verizon Washington, D.C., Inc.

Delaware

Verizon Delaware Inc.

New Hampshire

FairPoint Communications, Inc.

APPENDIX C

Rural Telephone Company Study Areas for Inclusion in Virgin Mobile's ETC Service Area**Alabama**

Alltel Alabama, Inc.
Ardmore Telephone Co.
Blountsville Telephone Co. (Otelco)
Brindlee Mountain Telephone Co. (Otelco)
Butler Telephone Co.
Castleberry Telephone Co.
Farmers Telephone Coop.
Frontier Communications of Lamar County, LLC
Frontier Communications of Alabama, LLC
Frontier Communications of the South, LLC
Graceba Total Communications, Inc.
GTC, Inc.
Gulf Telephone Co.
Hayneville Telephone Co.
Hopper Telecommunications Company, Inc. (Otelco)
Interstate Telephone Co.
Millry Telephone Co.
Mon-Cre Telephone Co.
National Telephone Co. of Alabama
New Hope Telephone Cooperative
Oakman Telephone Co.
Otelco Telephone, LLC
Peoples Telephone Co.
Pine Belt Telephone Co.
Ragland Telephone Co.
Roanoke Telephone Co.
Union Springs Telephone Co.
Valley Telephone Company, LLC

Connecticut

Woodbury Telephone Company

New Hampshire

Bretton Woods Telephone Co.
Dixville Telephone Co.
Dunbarton Telephone Co.
Granite State Telephone Inc.
Hollis Telephone Co. d/b/a TDS Telecom
Kearsarge Telephone Co. d/b/a TDS Telecom
Merrimack County Telephone Co d/b/a TDS Telecom
Northland Telephone Co. Union Telephone Co. Verizon
Wilton Telephone Co. d/b/a TDS Telecom