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February 2, 2011

VMO-T-11-01

VIA OVERNIGHT DELIVERY

Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702

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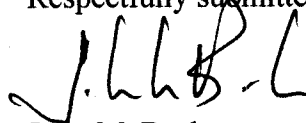
Re: Petition of Virgin Mobile USA for Limited Designation as an Eligible Telecommunications Carrier

Dear Ms. Jewell:

Enclosed please find an original and seven (7) copies of Virgin Mobile USA's Petition for Limited Designation as an Eligible Telecommunications Carrier in the State of Idaho. Please date stamp the extra copy of the petition included herein and return it to me in the postage prepaid envelope.

If you have any questions, please do not hesitate to contact me at 202-371-7392.

Respectfully submitted,



John M. Beahn

Counsel to Virgin Mobile USA, L.P.

Enclosures

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Petition of)
Virgin Mobile USA, L.P. for)
Limited Designation as an)
Eligible Telecommunications Carrier)

Case No. VMU-T-11-01
PETITION FOR LIMITED
DESIGNATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER

February 2, 2011

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	BACKGROUND.....	2
	A. Company Overview	2
	B. Previous ETC Designations	3
	C. The Commission Has the Authority to Perform ETC Designations	4
III.	VIRGIN MOBILE REQUESTS ETC DESIGNATION IN ITS IDAHO SERVICE AREA FOR PARTICIPATION IN THE LIFELINE PROGRAM.....	4
	A. Virgin Mobile Requests ETC Designation for its Entire Service Territory	4
	B. Virgin Mobile Requests ETC Designation for Participation in the Lifeline Program	5
	C. Description of Prepaid Lifeline Offering	6
	D. Applicability of Forbearance Conditions	9
IV.	VIRGIN MOBILE SATISFIES THE REQUIREMENTS FOR DESIGNATION AS AN ETC	10
	A. Virgin Mobile Is a Common Carrier	11
	B. Virgin Mobile Will Provide the Supported Services	11
	1. Voice Grade Access to the Public Switched Telephone Network	11
	2. Local Usage.....	12
	3. DTMF Signaling or its Functional Equivalent.....	13
	4. Single-Party Service or its Functional Equivalent	13
	5. Access to Emergency Services.....	13
	6. Access to Operator Services.....	14
	7. Access to Interexchange Services	14
	8. Access to Directory Assistance	14
	9. Toll Limitation	14
	C. Functionality in Emergency Situations	15
	D. Advertising of Supported Services.....	16
	E. Commitment to Providing Supported Services.....	16
	F. Equal Access to LD Carriers.....	17
V.	DESIGNATION OF VIRGIN MOBILE AS AN ETC WOULD PROMOTE THE PUBLIC INTEREST	17
VI.	ANTI-DRUG ABUSE CERTIFICATION	20
VII.	CONCLUSION.....	21

SUMMARY

Virgin Mobile USA, L.P. (“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 Idaho, pursuant to Section 214(e)(2) of the Communications Act of 1934, as amended (“Act”), 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 Idaho customers with lower prices and higher quality wireless services. Many low-income customers in Idaho 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 an 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.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Petition of)	Case No. _____
Virgin Mobile USA, L.P. for)	
Limited Designation as an)	PETITION FOR LIMITED
Eligible Telecommunications Carrier)	DESIGNATION AS AN ELIGIBLE
		TELECOMMUNICATIONS CARRIER

I. INTRODUCTION

Virgin Mobile USA, L.P. (“Virgin Mobile” or the “Company”), by undersigned counsel, and pursuant to Section 214(e)(2) of the Communications Act of 1934, as amended (“Act”), 47 U.S.C. § 214(e)(2), hereby petitions the Idaho Public Utilities Commission (“Commission”) for designation as an eligible telecommunications carrier (“ETC”) in the State of Idaho. Virgin Mobile seeks ETC designation under the trade name “Assurance Wireless Brought to You By Virgin Mobile” only for purposes of participation in the Universal Service Fund’s (“USF”) Lifeline program. The instant request does not seek ETC designation to offer services supported by the high-cost program. As discussed below, Virgin Mobile satisfies the requirements for designation as an ETC in the State of Idaho.¹ Rapid approval of Virgin Mobile’s request, moreover, would advance the public interest because it would enable the Company to commence much needed Lifeline services to lower-income Idaho residents as soon as possible. Accordingly, the Company respectfully requests that the Commission expeditiously approve the instant petition.

¹ See *In the Matter of the Application of WWC Holding Co., Inc. DBA Cellular-One Seeking Designation as an Eligible Telecommunications Carrier That May Receive Federal Universal Service Support*, Case No. WST-T-05-1, Order No. 29841 at Appendix A (2005) (hereinafter “*ETC Checklist*”).

II. BACKGROUND

A. Company Overview

Virgin Mobile was established as a joint venture between Sprint Nextel Corporation (“Sprint Nextel”) and Sir Richard Branson’s Virgin Group to offer prepaid wireless services using the Virgin Mobile brand and the Nationwide Sprint Network. On November 24, 2009, Virgin Mobile became a wholly owned subsidiary of Sprint Nextel upon completion of the companies’ previously announced transaction. The Federal Communications Commission (“FCC”) approved Sprint Nextel’s acquisition of Virgin Mobile effective September 11, 2009.²

Unlike many wireless carriers, Virgin Mobile does not impose credit checks or long-term service contracts as a prerequisite to obtaining service. Many customers are from lower-income backgrounds and did not previously enjoy access to an attractive, comprehensive and high-quality wireless service because of financial constraints or poor credit history. Virgin Mobile estimates that approximately one-third of its present customers are new to wireless services and 35 percent have an annual household income below \$35,000. Many of these customers also use Virgin Mobile’s services sparingly, with a substantial percentage spending less than \$10 per month. By marketing and expanding the availability of appealing wireless services to consumers otherwise unable to afford them, and those previously ignored by traditional carriers, Virgin Mobile has effectively expanded access to wireless services. Unfortunately, during this challenging economic period, many existing customers have to forgo access to wireless services entirely when their financial position deteriorates, making it more difficult for prospective employers and dependent family members to reach them and losing wireless access to emergency services.

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

B. Previous ETC Designations

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

By Order dated December 29, 2010, the FCC designated Virgin Mobile as an ETC in the states of Alabama, Connecticut, Delaware, New Hampshire and Washington D.C.⁴ In the 2010 Order, the FCC determined that Virgin Mobile now operates as a facilities-based carrier for purposes of Section 214 of the Act in light of its acquisition by Sprint Nextel. As discussed more fully below in Section III.C., the FCC concluded that Virgin Mobile "no longer needs forbearance" from the Section 214 facilities-based requirement and lifted certain forbearance conditions associated with Virgin Mobile's prior status as a reseller.⁵

³ See *Federal-State Joint Board on Universal Service; In the Matter of 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*, Order, FCC 09-18 (rel. March 5, 2009) ("2009 Order").

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

⁵ See *id.* at ¶ 15.

The public utility commissions of the states of Florida, Indiana, Louisiana, Maryland, Michigan, Mississippi, New Jersey, Texas, Washington and West Virginia have also designated Virgin Mobile as a facilities-based ETC without reliance on the 2009 Order.

C. The Commission Has the Authority to Perform ETC Designations

The Commission has the requisite authority to perform the limited ETC designation requested herein. Section 214(e)(2) of the Act provides state public utility commissions with the “primary responsibility” for the designation of ETCs.⁶ Pursuant to this authority, the Commission has historically participated in determining whether to grant ETC status to an applying carrier, including any requesting wireless carrier.⁷ Under the Act, a state public utility commission with jurisdictional authority over ETC designations must designate a common carrier as an ETC if the carrier satisfies the requirements of Section 214(e)(1). By offering all of the services supported by the federal USF and advertising the availability of such services, Virgin Mobile currently meets all of the requirements of Section 214 of the Act, warranting its designation as an ETC by the Commission.

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

A. Virgin Mobile Requests ETC Designation for its Entire Service Territory

As a non-rural carrier, Virgin Mobile is required to describe the areas within which it requests ETC designation. The Company requests ETC designation for its entire service area in Idaho.⁸ Virgin Mobile understands that its service area overlaps with many rural carriers in Idaho, but maintains that the public interest factors described below justify its designation in these carriers’

⁶ 47 U.S.C. § 214(e)(2).

⁷ See *In re: Petition of Edge Wireless, LLC for Designation as an Eligible Telecommunications Carrier Under 47 U.S.C. § 214(e)(2)*, Order No. 30360, Case No. EDG-T-07-1 (2007).

⁸ A list of the wire centers for which Virgin Mobile requests ETC designation is attached hereto as Exhibit 2.

service areas, especially because it only seeks ETC designation for purposes of participating in the Lifeline program.

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

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

Virgin Mobile's designation as an ETC solely for Lifeline purposes also would not unduly burden the USF or otherwise reduce the amount of funding available to other carriers. The secondary role of Lifeline support with respect to overall USF expenditures is well documented. According to the most recent monitoring report released by the Federal-State Joint Board on Universal Service, Lifeline funding represented approximately 14% of total USF expenditures in 2009.⁹ The FCC, itself, concluded that designation of Virgin Mobile as an ETC would result only in a "minimal" increase in USF funding.¹⁰

The nature by which Lifeline support is provided to wireless carriers also obviates any concerns that multiple ETC designations in Idaho would have a negative impact on the USF. Lifeline

⁹ See *Universal Service Monitoring Report*, CC Docket 98-202, Chart 1.1 (filed Dec. 30, 2010).

¹⁰ See *2009 Order* at ¶ 24.

support is provided on a customer-specific basis, and only after a carrier has acquired and begun to serve an eligible customer does the carrier receive Lifeline support for that customer. By tying support to actual service of a customer, moreover, the Lifeline program ensures that USF support only funds the carrier that actually “wins” the customer’s service.

C. Description of Prepaid Lifeline Offering

Virgin Mobile has branded its prepaid Lifeline service “Assurance Wireless Brought To You By Virgin Mobile.” The service will provide customers with the same features and functionalities enjoyed by all other Virgin Mobile prepaid customers, with one notable exception: prepaid Lifeline services are available free of charge. Under the basic plan, eligible customers will receive 250 anytime prepaid minutes per month at no charge with additional service priced at \$0.10/minute and \$0.10/text message.¹¹ Virgin Mobile has also recently implemented additional methods by which Lifeline customers entirely at their option can purchase blocks of additional services.¹² Under the first option, Lifeline customers can add \$5 to their account to purchase an additional 250 monthly minutes, providing them with a total of 500 voice minutes in a month (250 free minutes plus 250 additional minutes). Under the second option, Lifeline customers can add \$20 to their account to purchase an additional 750 voice minutes, providing them with a total of 1,000 voice minutes (250 free minutes plus 750 additional minutes). Customers choosing this second option will also receive 1,000 monthly text messages. There is no obligation that customers purchase these additional

¹¹ 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.

¹² A description of these service offerings is available on the Assurance Wireless website: <http://www.assurancewireless.com/Public/MorePrograms.aspx>.

offerings or add money to their accounts, and all eligible customers will continue to receive 250 free monthly minutes.¹³

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

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

New customers may elect to receive a free Assurance Wireless-branded handset with E911 functionality. Current Virgin Mobile customers will be able to use their existing handsets to receive

¹³ 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.

¹⁴ Customers may incur state sales tax and fees at the point of purchase should the customer choose to top-up their account.

prepaid Lifeline services, or may elect to receive a free Assurance Wireless handset. The handset provided free of charge to Lifeline customers is sold separately by the Company to its non-Lifeline customers for \$9.99 and marketed as the Kyocera Jax. By providing a wireless handset free of charge, Virgin Mobile can ensure that Lifeline-eligible customers in Idaho will not incur any upfront costs for access to the Company's Lifeline services.

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

To ensure that USF funds are received only for customers who actively use their Lifeline services, Virgin Mobile will implement a non-usage policy in Idaho. Under this policy, if a customer

¹⁵ 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.

does not make a voice call or send a text message or otherwise demonstrate activity at least once during any continuous 60-day period, Virgin Mobile will promptly notify the customer that the customer is no longer eligible for Lifeline service subject to a 30-day grace period. During the 30-day grace period, the customer's account would remain active, and Virgin Mobile will engage in outreach efforts to determine whether the customer desires to remain on its 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, Virgin Mobile will not recover a federal USF subsidy for the free minutes provided to the customer during the grace period or thereafter report that customer on its USAC Form 497.

D. Applicability of Forbearance Conditions

In light of the FCC's recent decision to designate Virgin Mobile as a facilities-based ETC and lift the requirements associated with its prior grant of forbearance, Virgin Mobile respectfully submits that the Commission similarly designate it as a facilities-based ETC. As the FCC noted in its recent decision, Virgin Mobile is a facilities-based carrier for purposes of Section 214(e)(1) of the Act, even though absolute, direct legal title to Virgin Mobile's wireless communications facilities lies with its parent and sibling corporate enterprises that are part of the Sprint family.¹⁶ Consistent with its prior decisions, the FCC rejected a formalistic interpretation of the term "own facilities" in Section 214(e)(1) and adopted a more flexible approach.¹⁷ In these prior decisions, the Commission determined that the Section 214(e)(1) concept of "own facilities" includes facilities for which a

¹⁶ See 2010 Order at ¶ 15-16.

¹⁷ See *id.*

carrier has beneficial use and over which it “does not hold absolute title,” and that any contrary interpretation would frustrate the goals of the Act and lead to absurd results.”¹⁸

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

IV. VIRGIN MOBILE SATISFIES THE REQUIREMENTS FOR DESIGNATION AS AN ETC

Section 214(e)(1) of the Act and Item A.2 of the *ETC Checklist* require that applicants for ETC designation be common carriers that will offer all of the services supported by the USF, either

¹⁸ *In re Federal-State Joint Board on Universal Service*, 12 FCC Rcd 8776, ¶ 159-161 (1997).

using their own facilities or a combination of their own facilities and the resale of another carrier's services. Applicants must also commit to advertise the availability and rates of such services.¹⁹ As detailed below, Virgin Mobile satisfies each of the above-listed requirements.

A. Virgin Mobile Is a Common Carrier

Section 153(10) of the Act defines a common carrier as "any person engaged as a common carrier for hire, in interstate or foreign communications by wire or radio ..."²⁰ The FCC has determined on numerous occasions that providers of mobile wireless services shall be treated as common carriers for regulatory purposes. As a provider of wireless telecommunications services, therefore, Virgin Mobile is a common carrier eligible for designation as an ETC as required by Item A.1 of the *ETC Checklist*.

B. Virgin Mobile Will Provide the Supported Services

As described above, Virgin Mobile is a wholly owned subsidiary of Sprint Nextel. Accordingly, Virgin Mobile is capable of, and currently provides, the supported services over an existing network infrastructure in Idaho. Virgin Mobile's request for ETC designation complies with Section 214(e)(1) of the Act because it provides all of the services and functionalities supported by the universal service program as set forth in Section 54.101 of the FCC's regulations throughout its service territory in the State of Idaho. The Company, moreover, will make these services and functionalities available to any qualifying Idaho customer in the Company's service area.

1. Voice Grade Access to the Public Switched Telephone Network

¹⁹ See 47 U.S.C. § 214(e)(1) and 47 C.F.R. § 54.201(d).

²⁰ 47 U.S.C. § 153(10).

Virgin Mobile provides voice grade access to the public switched telephone network (“PSTN”) and offers its customers services at bandwidth rates between 300 and 3,000 MHz as required by the FCC’s regulations.²¹

2. Local Usage

As part of the voice grade access to the PSTN, an ETC must provide local calling services to its customers. Neither the FCC’s nor the Commission’s regulations require ETCs to offer a specific amount of local usage or mandate that ETCs provide a minimum number of free local calls or minutes. Instead, an applicant for ETC designation must demonstrate that it offers a local usage plan that is “comparable” to the plan offered by the ILEC in the relevant service territory.²² In analyzing whether an ETC applicant’s plan is comparable to the underlying ILEC’s plan, the FCC has indicated that it reviews all aspects of the plan on a case-by-case basis, including the nature of the supported service, the size of the local calling area, the inclusion of additional services (e.g., caller I.D., etc.) and the amount of local usage.²³ The FCC has determined that a carrier satisfies the local usage requirements when it offers customers rate plans containing varying amounts of local usage.²⁴

Virgin Mobile’s proposed Lifeline offering fully complies with the local usage requirements established by the FCC and this Commission.²⁵ Not only will Virgin Mobile’s offering be comparable to the underlying ILEC plans, but it also will exceed them in several respects. Contrary

²¹ See 47 U.S.C. § 54.101(a)(1).

²² 47 C.F.R. § 54.202(a)(4).

²³ See *Federal-State Joint Board on Universal Service*, Report and Order, 20 FCC Rcd 6371, 6385 (2005).

²⁴ 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).

²⁵ See *ETC Checklist Item B.4*.

to the ILECs' plans, Virgin Mobile will offer customers a certain amount of service free of charge. As discussed above, Virgin Mobile will provide its Lifeline customers with 250 anytime minutes per month at no charge. Contrary to the ILEC plans, which contain relatively small local calling areas, Virgin Mobile customers can use these free minutes to place calls statewide (or even nationwide) because Virgin Mobile does not constrict customers' use by imposing a local calling area requirement. In addition to free voice services, Virgin Mobile will provide Lifeline customers with access to a variety of other features at no cost, including voice mail, caller I.D., call waiting services and E911 capabilities. Most important, Virgin Mobile's Lifeline service will provide low-income Idaho residents with the convenience and security offered by wireless services without interruption—even if their financial position deteriorates.

3. DTMF Signaling or its Functional Equivalent

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

4. Single-Party Service or its Functional Equivalent

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

5. Access to Emergency Services

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

6. Access to Operator Services

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

7. Access to Interexchange Services

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

8. Access to Directory Assistance

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

9. Toll Limitation

Toll limitation allows customers to either block the completion of outgoing long distance calls or specify a certain amount of toll usage to prevent them from incurring significant long distance charges and risking disconnection. As described above, Virgin Mobile provides its wireless service on a prepaid, or "pay-as-you-go," basis. Virgin Mobile's service, moreover, is not offered on a distance-sensitive basis and minutes are not charged separately for local or domestic long distance services. Customers also must specifically authorize access for international services, for which additional charges may apply. The FCC determined in its grants of ETC designation to the Company that the nature of Virgin Mobile's service mitigates concerns that low-income customers will incur significant charges for long distance calls, risking disconnection of their service.²⁶

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

C. Functionality in Emergency Situations

As a wholly owned subsidiary of Sprint Nextel, Virgin Mobile is able to remain functional in emergency situations as required by Section 54.202(a)(2) of the FCC's regulations and Item B.2 of the ETC Checklist.²⁷ Sprint Nextel has established a variety of internal programs, policies and teams dedicated to analyzing, assessing and responding to emergency situations. These programs, policies and teams ensure the timely and effective deployment of Sprint Nextel's products and services to allow the public and private sectors to function in emergency situations. Indeed, Sprint Nextel's network is monitored 24 hours a day, 7 days a week, 365 days a year by its network monitoring centers. Local switching offices staffed by trained technicians and management coordinate with these larger operation centers, to ensure that Sprint's networks are properly maintained and network performance is at expected levels.

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

²⁷ See 47 C.F.R. § 54.202(a)(2).

D. Advertising of Supported Services

Virgin Mobile will advertise the availability and rates for the services described above using media of general distribution in conformance with the FCC's regulations and Item A.3 of the *ETC Checklist*.²⁸ The Company advertises the availability of its non-Lifeline services through newspapers, magazines, radio, the Internet, billboards and television. Virgin Mobile's third-party retail partners also heavily promote its services. These advertising campaigns have been highly effective in reaching low-income customers and promoting the availability of cost-effective wireless services to this consumer segment.

Virgin Mobile will supplement these methods of communication to specifically advertise and promote the availability of its Lifeline offerings to qualifying customers throughout the State of Idaho. The Company also intends to promote these offerings to its existing customers—many of whom may otherwise qualify for Lifeline.

E. Commitment to Providing Supported Services

As noted above, Virgin Mobile is seeking ETC designation in Idaho only in areas where the Company currently offers service. Virgin Mobile is committed to providing service to all customers in its service territory who make a reasonable request for service and to maintaining its network to maximize service generally. Thus, though the Company submits that application of the network improvement measures listed in Item B.1 of the *ETC Checklist* are more appropriate to carrier requests for ETC designation for high-cost purposes, Virgin Mobile will abide by the requirements for its Lifeline services in Idaho. Specifically, the Company will implement one or more of the measures according to the terms of the FCC's Order adopting the requirements for potential

²⁸ See 47 C.F.R. § 54.201.