



February 3, 2016

Via Electronic Submission

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th St., SW, Room TW-A325
Washington, DC 20554

**Re: Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42
Telecommunications Carriers Eligible for Universal Service Support, WC
Docket No. 09-197
Connect America Fund, WC Docket No. 10-90**

Dear Ms. Dortch:

On January 20, 2016, representatives of Sprint met with Trent Harkrader, Jay Schwarz, and Charles Eberle of the Wireline Competition Bureau to discuss pending reforms to the Lifeline program.¹ In the course of that meeting, Sprint committed to research the programs most frequently used by applicants to demonstrate their eligibility to participate in the Lifeline program. Our records indicate that in 2015, almost 99% of Assurance Wireless customers qualified for Lifeline benefits based on their participation in SNAP, in Medicaid, in SSI, or on their income level. This analysis excludes applicants whose eligibility was determined by checking a state database, because states do not disclose to the carrier the customer's qualifying program.

Sprint also committed to update its analysis of the impact of a minimum service standard for Lifeline broadband service. Although no specific metrics have been proposed, a review of our current non-Lifeline broadband offers confirms that stand-alone retail broadband data packages are priced significantly higher than \$9.25 per month, the current Lifeline support amount.² Sprint remains deeply concerned that Commission adoption of a minimum standard for Lifeline broadband service may well necessitate an out-of-pocket end user charge.³ Lifeline customers are extremely cash-constrained (the average household income for an Assurance Wireless customer is approximately \$14,000 per year); thus, even a seemingly modest monthly fee may

¹ See *ex parte* letter filed by Brita Strandberg, Harris Wiltshire and Grannis, on behalf of Sprint, dated January 22, 2016 in the above-captioned dockets.

² For example, Sprint offers a "Starter Unlimited Data" package with 1 GB of high speed data, and unlimited 2G data, for \$20 per month (see <https://www.sprint.com/shop/plan-wall/?INTNAV=NavStrip:ShopPlans#!/?plan=individual>). Sprint's Virgin Mobile affiliate has a calling plan that offers 3 GB of 3G/4G data with unlimited on-network talk and text, for \$40 per month (see <http://www.virginmobileusa.com/cell-phone-plans/>). These rates do not include the cost of a device.

³ See, e.g., Sprint's comments in the above-captioned dockets filed on August 31, 2015, pp. 19-21 (expressing concern that a \$9.25 Lifeline subsidy will not cover the cost of even basic broadband service).

prove to be an insurmountable barrier to subscription. Moreover, as a prepaid wireless provider, Assurance Wireless does not have a billing platform that could readily be used to bill an end user charge. Instead, the burden would be placed on the customer to add funds to their Assurance Wireless account each month in advance of the payment due date. At the payment due date, if sufficient funds were not available in the customer's account to pay the end user charge, the customer would experience an immediate disruption of service.

Finally, Sprint here provides its view on the "port freeze" concept, under which a Lifeline customer would be required to remain with its current Lifeline service provider for some specified period of time. Sprint is concerned about end users who "flip" rapidly from carrier to carrier, as it is extremely difficult to recover customer acquisition costs (marketing, application and account processing, provisioning of a free mobile device, etc.) if the end user leaves the network after only a short period of time; rapid flipping also could strain industry resources used to determine program eligibility. The existing 60-day freeze appears to have moderated flipping as compared to situations in which there is no freeze, thereby increasing stability in the Lifeline program. Thus, Sprint is willing to consider expanding the freeze, provided that the solution appropriately balances the need to ensure free customer choice, to promote competition, and to provide service providers with an opportunity to recoup acquisition costs and prove the value of their service.

Pursuant to Section 1.1206 of the Commission's Rules, a copy of this letter is being filed electronically in the above-referenced dockets. If you have any questions, please feel free to contact me at (703) 433-4503.

Sincerely,

/s/ Norina T. Moy

Norina T. Moy
Director, Government Affairs

c: Trent Harkrader
Jay Schwarz
Charles Eberle