Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington D.C. 20554

In the Matter of	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
Lifeline and Link-Up	)	WC Docket No. 03-109
Universal Service Contribution Methodology	)	WC Docket No. 06-122
Numbering Resource Optimization	)	CC Docket No. 99-200
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	CC Docket No. 96-98
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
Intercarrier Compensation for ISP-Bound Traffic	)	CC Docket No. 99-68
IP-Enabled Services	)	WC Docket No. 04-36

COMMENTS OF VIRGIN MOBILE USA, L.P.

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SUMMARY

Virgin Mobile commends the Federal Communications Commission ("Commission") for its attention to the urgent issue of reforming the Universal Service Fund ("USF"). The company maintains a strong interest in USF reform because its prepaid wireless customers tend to be lower-income, lower-usage customers who are particularly sensitive to shifting USF contribution burdens. Virgin Mobile's USF contribution obligations have increased dramatically in recent years as the size of the USF in general, and the high-cost fund in particular, have swelled. Whether directly through specific pass-through charges or indirectly through higher end user rates, Virgin Mobile's customers ultimately finance the USF. The company encourages the Commission, therefore, to implement reform efforts aimed at achieving more balanced and targeted contribution and support systems.

Virgin Mobile specifically supports the Commission's properly structured and non-discriminatory numbers-based USF contribution proposal that contains an alternate contribution methodology for prepaid wireless services. The so-called "USF by the Minute" method for calculating USF assessments for prepaid wireless services would help to ameliorate the regressive and discriminatory nature of a flat numbers-based USF contribution regime. Absent this alternate contribution methodology, a numbers-based USF assessment would dramatically increase USF assessments for prepaid services, forcing lower-income customers to bear a disproportionate burden of USF contribution obligations.

The company also supports reform efforts aimed at achieving a more targeted high-cost support system, including the adoption of a cap on high-cost funding available to all carriers and the use of competitive bidding to more efficiently distribute high-cost support in areas unserved by broadband services. Application of funding limitations to all carriers would act as a necessary restraint on further growth in high-cost payments. This funding cap would comport with the

Commission's principle of ensuring competitive neutrality in the distribution of USF support. Implementation of reverse auctions to determine support for areas unserved by broadband also should bring much-needed stability and predictability to the USF's high-cost program, ensuring its long term viability.

Finally, Virgin Mobile applauds the Commission's efforts to increase adoption of broadband through the extension of the Lifeline/Link-Up programs to these services. Fostering increased access by lower-income customers to telecommunications services has been the hallmark of universal service policy for over 70 years, and implementation of this proposal would ensure that lower-income consumers receive the significant economic and social benefits afforded by broadband services. Adoption of this proposal also would ensure that lower-income customers are not lost in the fight among competing providers for their share of USF funding. To this end, Virgin Mobile again requests that the Commission expeditiously approve its pending requests for designation as an Eligible Telecommunications Carrier for purposes of participation in the Lifeline program. Rapid grant of these requests would enable the company to participate in the Broadband Lifeline/Link-Up program, helping to close the gap for affordable access to broadband services by low-income customers.

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COMMENTS OF VIRGIN MOBILE USA, L.P.

I. INTRODUCTION

Virgin Mobile USA, L.P. ("Virgin Mobile") hereby files its comments on the Federal Communications Commission's ("FCC" or "Commission") proposals to reform the Universal Service Fund ("USF"), which it released on November 5, 2008 in the above-captioned proceedings.[1] As more fully discussed below, Virgin Mobile submits that many of the Commission's proposals are long overdue and would help to resolve the problems that plague the USF contribution and support systems. Specifically, Virgin Mobile supports implementation of a properly structured and non-discriminatory numbers-based USF contribution regime that contains an alternate contribution methodology for prepaid wireless services. The Commission also should quickly implement its proposed reforms to the USF's high-cost support system to restrain further growth in high-cost payments—the primary factor behind the ever-increasing USF contributions. Finally, the Commission should move quickly to bridge the affordability gap for broadband and adopt its proposal to extend the Lifeline/Link-Up programs to broadband services.

II. REFORM OF THE USF CONTRIBUTION METHODOLOGY

A. A Numbers-Based USF Regime Would Discriminate Against Prepaid Wireless Services

Virgin Mobile agrees with the Commission's conclusion that certainty regarding the level of USF funding and the contributions required from providers of international and interstate services is vital to stabilizing the current regime.[2] Each of the Commission's reform proposals would achieve this stability by transitioning the contribution methodology from its current revenue-based system to a regime based on telephone numbers. As Virgin Mobile has previously noted, however, USF reform predicated exclusively on a numbers-based contribution

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1 *See* In the Matter of High-Cost Universal Service Support, WC Docket No. 05-337; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109; Universal Service Contribution Methodology, WC Docket No. 06-122; Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68; IP-Enabled Services, WC Docket No. 04-36; Numbering Resource Optimization, CC Docket No. 99-200, Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, FCC 08-262 (rel. Nov. 5, 2008)("*Further Notice*").

2 *See Further Notice* Appendix A at ¶ 4; Appendix B at ¶ 2; Appendix C at ¶ 4.

methodology would harm lower-income, lower-usage prepaid wireless customers.[3] Adoption of such a system would require prepaid wireless services to bear a significantly increased and unfair burden of USF contributions. For example, a $1.00 numbers-based USF monthly assessment would more than triple Virgin Mobile's average monthly USF cost per prepaid customer. More important, a numbers-based USF contribution methodology would shift a disproportionate burden of USF fees onto lower-usage prepaid wireless customers, imposing significant hardship on these consumers. A $1.00 USF pass-through assessment would represent only 2 percent of the average postpaid customer's $50 monthly bill, while the same $1.00 pass through applied to the average prepaid customer with $20 in monthly voice revenue would represent 5 percent of the customer's monthly service charge. A numbers-based USF system also would impose an assessment even for those prepaid customers who had *no interstate usage and paid no monthly voice charges in a given month*. By shifting a disproportionate burden of USF assessments to prepaid customers, a numbers-based USF contribution regime would result in lower-volume, lower-income prepaid customers subsidizing higher-volume, higher-income users. This is a result that Virgin Mobile is confident the Commission does not intend.

In contrast to most postpaid wireless carriers, a significant portion of prepaid wireless customers are lower-income consumers. Indeed, approximately one-third of Virgin Mobile's customers have annual household incomes of less than $35,000. Many of these consumers have not previously enjoyed access to an attractive wireless service because of financial constraints, weak (or no) credit standing or an inability to decipher the confusing array of service plans. Prepaid wireless services have become the primary means by which many of these consumers access telecommunications services. Discontinuing their use of other services (*e.g.*, landline telephone, etc.), many lower-income consumers have determined that prepaid wireless services

[3] *See* Letter of Virgin Mobile USA, L.P., CC Docket No. 96-45 (filed Oct. 24, 2008).

offer the most cost-effective method of communication in these difficult economic times. These customers cannot easily absorb the drastic price increases that would result from the transition to a flat numbers-based USF system. Such price increases likely would cause many lower-income customers to decrease or discontinue their use of wireless services altogether. Ironically, a numbers-based contribution system could be most detrimental to lower-income customers' accessibility and affordability of telecommunications services—the very customers the USF was designed, in part, to benefit.

B. The "USF by the Minute" Contribution Methodology for Prepaid Wireless Services Properly Accounts for the Unique Nature of These Services and Complies with the 1996 Act's Requirements

Recognizing the discriminatory nature of a numbers-based system and the "unique" circumstances of prepaid wireless services, the Commission's USF reform proposals would implement an alternate contribution methodology for prepaid wireless services. Under this "USF by the Minute" proposal, USF assessments for prepaid wireless services would be calculated by dividing the residential per-number assessment by the number of minutes the average postpaid wireless customer uses in a month.[4] This per-minute figure then would be multiplied by the number of monthly prepaid minutes generated by the provider. The sum of this calculation would be the provider's monthly universal service contribution obligation.[5] As set forth in the Commission's three proposals, the "USF by the Minute" methodology does not wholly exempt prepaid wireless services from USF fees. Instead, it apportions USF payment from prepaid services on an equitable basis to account for their lower-volume, intermittent nature and the many customers who use prepaid services largely for emergency-only services. By

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4 *See Further Notice* Appendix A at ¶ 137; Appendix B at ¶ 85; Appendix C at ¶ 133.

5 The per-minute assessment, however, would be capped at an amount equal to the current per month contribution per Assessable Number. *See id.*

capping the USF assessment, moreover, this approach would ensure that heavy users of prepaid services are not liable for more than the applicable per number fee in pass-through charges.

Adoption of an alternate contribution methodology for prepaid wireless services is supported both by the Telecommunications Act of 1996 ("1996 Act") and significant FCC precedent. The 1996 Act directed the Commission to develop a USF contribution mechanism that would lead to equitable and non-discriminatory contributions from all carriers. Section 254(b) specifically provides that Commission policy on universal service must be based, in part, on the principle that contributions to the fund should be equitable and non-discriminatory.[6] Section 254(d) also states that "[e]very telecommunications carrier that provides interstate telecommunications services shall contribute [to the Universal Service Fund] on an equitable and non-discriminatory basis …."[7] This requirement does not mandate identical monetary assessments, but rather fairness in contribution. Interpreting these requirements, the Commission determined in its 1997 Order adopting a revenue-based contribution system to assess universal service contributions on end user telecommunications revenues, in part, because such a regime would be the fairest and most equitable method of contribution.[8] The Commission also has previously confirmed that carrier USF contributions should be in "appropriate amounts," revising the contribution obligations for certain carriers who would have contributed "more than an equitable share."[9] Finally, the Commission has recognized the need to adopt alternate methods for the collection of flat regulatory fees for lower-income customers. For instance, the Commission waived payment of the subscriber line charge for certain low-income households in

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6 *See* 47 U.S.C. § 254(b)(4).

7 47 U.S.C. § 254(d).

8 *See* In the Matter of Federal-State Joint Board on Universal Service, Report and Order, 12 FCC Rcd 8776, 8801-03 (1997)("*1997 First Report and Order*") (subsequent history omitted).

9 *See* In the Matter of Federal-State Joint Board on Universal Service, Order, 19 FCC Rcd 13580, 13582 (2004).

1986 because of the regressive nature of the connection-based fee and the negative impact that the fee would have on the adoption of wireline services by lower-income individuals.[10]

An alternate USF contribution methodology for prepaid wireless services also is necessary to avoid to market distortions. Prepaid providers and service plans have become a critical source of competition and growth in the wireless market, especially for customers who have not previously accessed wireless service. The Commission, itself, noted in its Eleventh Annual Report on the status of competition in the wireless market that the continued increases in wireless subscriber growth could be attributed to "innovative service models" such as prepaid plans.[11] Indeed, many analysts believe that a significant portion of the future growth in the wireless market will come from prepaid services. The Yankee Group has estimated that the number of U.S. prepaid wireless customers will grow to approximately 53 million by 2011. The success of prepaid business models has spurred competition in the prepaid marketplace with each of the four major facilities-based providers now offering prepaid service plans and numerous other carriers marketing prepaid services. Imposing an unfair USF assessment on prepaid wireless services likely would influence consumers' purchasing habits, dampening the growing demand for these innovative services. By implementing a fair, equitable and competitively neutral method for converting a numbers-based fee into a per-minute fee, the "USF by the Minute" proposal would ensure that consumer demand for prepaid wireless services remains unaffected by USF assessments.

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10 *See* In re: MTS and WATS Market Structure, FCC 85-643 (1986).

11 *See* In the Matter of Implementation of Section 6002(B) of the Omnibus Budget Reconciliation Act of 1993, Tenth Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, 20 FCC Rcd at 15968 (2005).

III. REFORM OF THE HIGH-COST SUPPORT SYSTEM IS LONG OVERDUE

A. Capping High-Cost Funding Is Necessary to Slow the Unsustainable Growth in the High-Cost Fund and to Provide Parity for All Providers

More than twelve years after enactment of the 1996 Act, little progress has been made towards reforming the high-cost support system. The uncontrolled growth in the high-cost fund during the past several years has led inexorably to increased USF contribution obligations from all carriers. The current size of the high-cost fund undermines the concept of universal service by burdening end users with significant (and growing) USF surcharges. These increased USF contribution obligations disproportionately affect lower-income, lower-usage customers who are particularly sensitive to shifting USF contribution burdens. In doing so, these obligations threaten the ability of many lower-income customers to afford uninterrupted access to telecommunications services, especially wireless services. The Federal-State Joint Board has recognized that "[l]arger USF contributions increase the risk that telecommunications services will become unaffordable for some, or even a substantial number of consumers."[12] The Commission's USF reform efforts, therefore, must directly address the substantial threat that unrestrained high-cost support poses to the affordability of telecommunications services for many lower-income consumers—the same consumers who are the intended beneficiaries of USF support.

To restrict further growth in high-cost support payments and provide relief to consumers suffering under increasing USF contribution obligations, Virgin Mobile supports the Commission's proposal to cap the amount of high-cost funding available for all carriers.[13] Although understandable in certain instances, exempting categories of carriers from the high-cost

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[12] Federal-State Joint Board on Universal Service, Recommended Decision, 22 FCC Rcd at 20483 (2007)("*Joint Board Recommended Decision*").

[13] *See Further Notice* Appendix A at ¶ 14.

funding restrictions would perpetuate many of the problems that have plagued the high-cost regime and violate the Commission's edict that federal USF support mechanisms be competitively neutral.[14] Application of the funding limitations to all carriers would bring much-needed stability and predictability to the high-cost program, ensuring that all carriers operate on a level playing field. Extending funding limitations to all carriers also would comport with the parameters of other universal service programs that require all carriers to operate under funding restrictions, including the schools and libraries program and the rural health care program. The Lifeline/Link-Up programs function under a quasi cap that limits the amount of support a carrier can receive for serving each customer. Tying support to actual service of a customer, the Lifeline/Link-Up programs ensure that USF support only funds the carrier that actually "wins" the customer's service. This eliminates duplicative funding, a problem that has troubled the high-cost system since its inception.

Virgin Mobile urges the Commission to restrict calls to exclude certain classes of carriers from the proposed funding cap.[15] Such exclusions, even if temporary, remain inconsistent with the Commission-mandated principle of competitive neutrality and would provide greater support for certain wireline providers at the expense of other carriers—especially wireless carriers. In doing so, these proposals run afoul of the FCC's goal that USF funding should "neither unfairly advantage or disadvantage one provider over another, and neither unfairly favor nor disfavor one technology or another."[16] Protecting certain incumbent local exchange carriers ("ILECs") from the accelerating pace of intermodal competition, the reform proposals would enshrine higher

[14] *See* 1997 First Report and Order at 8801.
[15] *See Further Notice* Appendix B at ¶ 13, Appendix C at ¶ 14.
[16] *See* 1997 First Report and Order at 8801.

legacy revenue streams for ILECs at the expense of consumers who directly or indirectly fund the program.

B. Reverse Auctions Would Result in More Efficient Use of High-Cost Support

Virgin Mobile endorses the Commission's proposals to reward carriers that provide the most efficient services to high-cost areas. This includes the use of reverse auctions to more efficiently distribute high-cost support, especially when high-cost funding is tied to the deployment of broadband services. The use of reverse auctions is consistent with the principles contained in Section 254(b) because they would produce specific, predictable and sufficient universal service support.[17] The very nature of an auction process would guarantee that the winning bidder provides the required level of service at the most efficient—and lowest—price. Because the bid amount would be identified prior to distribution of high-cost funds, moreover, reverse auctions would ensure predictable USF support. Like the Lifeline/Link-Up program, reverse auctions also would avoid duplicative support by providing high-cost funds only to the entity that "wins" the right to provide service to the geographic area.

IV. A BROADBAND LIFELINE SYSTEM SHOULD FOSTER INCREASED ACCESS TO BROADBAND SERVICES BY LOWER-INCOME CUSTOMERS

A. Many Lower-Income Customers Cannot Afford Broadband Services

It is time to expand the concept of universal service beyond subsidizing outdated telephone service, dismantle barriers that infringe on equal opportunity and foster access to technologies and services that are increasingly common for middle-class and wealthier citizens. As the Joint Board has observed, universal service reform should "accommodate the arrival of,

[17] *See* 47 U.S.C. § 254(b)(5).

and the public demand for, broadband Internet services."[18] Accordingly, Virgin Mobile supports the Commission's proposals to dedicate additional resources for access to broadband services by lower-income customers.[19] Like others, the company has requested that the Commission undertake efforts to increase access to all telecommunications services, including broadband, by lower-income customers.[20] Broadband Internet access has become a critical service in today's information economy with more and more consumers using it for news and information, employment, telecommuting, social networking and entertainment purposes.

The rapid adoption of broadband services for most U.S. consumers has been well documented, but they still remain economically beyond the reach of many lower-income customers. Certain aspects of the Commission's USF reform proposals rightly address the failure to build out broadband networks to certain rural and high-cost areas, but the failure of low-income consumers to subscribe to broadband services stems more from a lack of demand rather than a shortage of supply. The Commission's most recent data on subscription to high-speed services indicated that approximately 99.5 percent of households with annual incomes below $21,600 have broadband services available to them.[21] According to the Pew Internet & American Life Project, however, only 25 percent of these same lower-income consumers actually subscribe to broadband services.[22] Not surprisingly, the *Pew Study* confirmed that demand for and subscription to broadband services is highly dependant on income, with households having annual incomes over $100,000 three times more likely to subscribe to

[18] Joint Board Recommended Decision at 20477.
(2007).

[19] *See Further Notice* Appendix A at ¶¶ 64-91 and Appendix C at ¶¶ 60-87.

[20] *See* Reply Comments, Virgin Mobile USA, L.P., CC Docket No. 96-45 (filed June 2, 2008).

[21] *See High-Speed Services for Internet Access: Status as of June 30, 2007*, Federal Communications Commission, at Table 19 (2008)("*FCC High-Speed Study*").

[22] *See* John B. Horrigan, Pew Internet & American Life Project, Home Broadband Adoption 2008 at p.19 (2008)("*Pew Study*").

broadband services than households with annual incomes below $20,000.[23] This so-called "digital divide" has left many lower-income consumers without affordable access to broadband services, limiting their ability to use the Internet for work, social or entertainment purposes. In these difficult economic times, moreover, lower-income customers' ability to afford broadband services has become even more challenging. According to the *Pew Study's* author, "[t]he flat growth in … high-speed adoption for low-income Americans [during 2007] suggests that tightening household budgets may be affecting people's choice of connection speed …."[24]

B. The Commission's Broadband Lifeline/Link-Up Proposal Would Facilitate Access to Broadband Services by Lower-Income Customers

To remedy many of the economic inequities currently faced by lower-income customers, the Commission proposes, albeit on a pilot basis, to extend the Lifeline/Link-Up program to broadband services.[25] The Broadband Lifeline pilot program described in two of the Commission's three USF reform proposals would significantly improve lower-income customers' access to broadband services. Under this program, telecommunications providers that have been designated as eligible telecommunications carriers ("ETCs") would be allowed to provide subsidized broadband services and devices to eligible low-income consumers.

By providing lower-income consumers with the financial ability to access new technologies and services otherwise unavailable to them, the Broadband Lifeline pilot program is entirely consistent with the requirements of Section 254. Section 254(b)(3) states that "low-income consumers … should have access to … advanced telecommunications and information

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[23] Many of the consumers surveyed by the *Pew Study* noted that they did not subscribe to broadband services for cost reasons. *See Pew Study* at p.8.

[24] See Kenneth Corbin, Low-Income Americans Slipping on Broadband, InternetNews.com (July 3, 2008)(available at http://www.internetnews.com/stats/article.php/3756836/LowIncome+Americans+Slipping+on+Broadband.htm).

[25] *See Further Notice* Appendix A at ¶¶ 64-91 and Appendix C at ¶¶ 60-87.

services, that are reasonably comparable" to those available to most consumers.[26] The proposal also meets the enumerated requirements of section 254(c), which provides that when the Commission considers a new service for USF support, it must analyze whether the service is: (1) essential to education, public health or public safety; (2) subscribed to by a substantial majority of residential consumers; (3) being deployed by telecommunications carriers in public telecommunications networks; and (4) consistent with the public interest, convenience and necessity.[27] The educational, public health and safety benefits of broadband services are undoubtedly clear, particularly for low-income consumers. As discussed above, broadband has become an essential service for millions of subscribers who use the Internet for these purposes. A substantial and rapidly growing majority of residential consumers also subscribe to broadband services. The Commission's most recent data confirmed over 100 million high-speed connections as of June 30, 2007, while the *Pew Study* concluded that approximately 55% of all U.S. adults have access to broadband services at home.[28] Notwithstanding these rapid uptake rates, telecommunications and broadband providers are connecting thousands of new homes each week. Finally, including broadband in the list of services eligible for support in the Lifeline program would close the affordability gap for broadband services, greatly enhancing the public interest, convenience and necessity.

C. <u>Approval of Virgin Mobile's Outstanding ETC Requests Would Enable the Company to Participate in the Broadband Lifeline Program</u>

To enable Virgin Mobile to participate in the Broadband Lifeline pilot program, the Commission must expeditiously approve the company's pending requests for designation as an

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[26] 47 U.S.C. § 254(b)(3).

[27] See 47 U.S.C. § 254(c).

[28] *See FCC High-Speed Study* at p.1*; Pew Study* at p.i.

ETC for purposes of participation in the Lifeline program.[29] Virgin Mobile's participation in the Lifeline program, including the Broadband Lifeline program, would advance universal service because it would enable the company to rapidly provide qualifying customers with lower prices and higher quality wireless and broadband services at very minimal cost. As an ETC, Virgin Mobile would be able to provide discounted and affordable services to these consumers—many of whom are among the intended beneficiaries of USF support.

Virgin Mobile's prepaid offerings are ideally suited to provide these customers with reliable and cost-effective services. Without question, prepaid wireless offerings have become an essential service option for lower-income customers, providing them with value for their money, access to emergency services on wireless devices and a reliable means of contact for prospective employers or social service agencies.[30] 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. The difficult economy is challenging many of Virgin Mobile's customers, and some are forgoing access to wireless service entirely. ETC designation would enable the company to continue to provide services to those who would otherwise lose a service that has been shown to increase security, employment retention rates and economic mobility.[31] In addition, ETC designation would help Virgin Mobile to close the affordability gap for broadband services for lower-income consumers and provide the financial and social benefits associated with high-speed Internet services.

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29 To date, Virgin Mobile has sought ETC designation for New York, North Carolina, Pennsylvania, Tennessee and Virginia.

30 A survey of Virgin Mobile customer usage patterns indicated that state and city welfare agencies are among the most frequently contacted by customers.

31 *See Cell Phones Provide Significant Economic Gains for Low-Income American Households*, Nicholas P. Sullivan (April 2008).

Virgin Mobile's request for ETC designation is indistinguishable from the approved request of TracFone Wireless, Inc. In its 2005 decision granting forbearance to TracFone from the section 214(e)(1)(A) facilities requirement, the Commission determined that the increased availability of prepaid wireless services would significantly benefit low-income consumers who are especially sensitive to high usage charges and long-term contracts.[32] In its 2008 Order conditionally designating TracFone as an ETC, moreover, the Commission determined that designation of prepaid wireless providers as ETCs would provide a variety of benefits to low-income consumers, including increased consumer choice, high-quality service offerings and access to emergency services on wireless devices.[33] For similar reasons, Virgin Mobile submits that its designation as an ETC would benefit consumers, by helping to close the wireless and broadband access and affordability gaps for many lower-income customers.

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32 *See* In the Matter of Federal-State Joint Board on Universal Service, Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201(i), Order, 20 FCC Rcd 15095 (2005).

33 *See* In the Matter of Federal-State Joint Board on Universal Service, TracFone Wireless, Inc., Petitions for Designation in the States of Alabama, Connecticut, Delaware, Florida, Massachusetts, New Hampshire, New York, North Carolina, Pennsylvania, Tennessee, Virginia, and Washington D.C., Order, FCC 08-100, at ¶ 15 (rel. April 11, 2008).

V. CONCLUSION

As discussed herein, Virgin Mobile applauds the Commission's efforts to reform the USF and submits that its proposals would help to rationalize many of the problems that currently plague the USF system. The company supports implementation of a properly structured and non-discriminatory numbers-based contribution methodology that contains an alternate USF contribution regime for prepaid wireless services. The Commission also should move quickly to enact reforms to the USF's high-cost support system to restrain the further growth in high-cost payments and USF assessments. Finally, the Commission should adopt its proposals to extend the Lifeline/Link-Up program to broadband services to increase the deployment and adoption of these services by low-income customers.

Respectfully submitted,

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