Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Lifeline and Link Up	)	WC Docket No. 03-109

REPLY COMMENTS OF SPRINT NEXTEL CORPORATION

Charles W. McKee
Vice President, Government Affairs
Federal and State Regulatory

Norina T. Moy
Director, Government Affairs

900 Seventh St. NW, Suite 700
Washington, DC 20001
(703) 433-4503

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Sprint Nextel Corporation ("Sprint"), pursuant to the Public Notice released on June 15, 2010 (FCC 10J-2) and to the Joint Board Referral Order released on May 4, 2010 (FCC 10-72)[1], hereby respectfully submits its reply to comments in the above-captioned proceeding.

I. INTRODUCTION AND SUMMARY

In this proceeding, the Commission is considering possible changes to Lifeline and Link Up eligibility, verification, and outreach rules and procedures, and the potential expansion of the low-income program to broadband. As discussed below, Sprint agrees with commenting parties that certain national standards should be adopted, and that a centralized Lifeline customer database should be implemented to improve the eligibility verification process. Sprint opposes suggestions that the Commission adopt minimum standards for prepaid wireless Lifeline service, or mandatory outreach requirements for eligible telecommunications carriers ("ETCs") generally. Finally, Sprint recommends that the low income USF program be expanded to support broadband.

[1] Hereinafter, the "Referral Order."

II. NATIONAL UNIFORMITY AND A CENTRALIZED LIFELINE DATABASE WILL IMPROVE PROGRAM EFFICIENCY AND EFFECTIVENESS

The Commission asked the Joint Board to consider "whether the eligibility and certification requirements should be more consistent across the states."[2] The answer to this question is yes. As AT&T has explained, "...today's amalgamation of differing federal and state eligibility requirements, implementation schemes, and discount amounts significantly complicates and increases the cost of a provider's participation, and can be a source of customer confusion."[3] Uniform rules relating to Lifeline eligibility, certification, record retention and application of the Lifeline discount would improve administration of and participation in the low income USF program by eligible end users, service providers, regulatory bodies and social service agencies by reducing confusion about eligibility criteria and other regulatory requirements, and by allowing service providers to standardize and streamline their Lifeline customer care, billing and other back-office systems. In contrast, unique rules that apply in only one or two states require special handling, which is inefficient, costly, and presents the risk that some required activities may inadvertently fall through the cracks.

Sprint's business units currently provide service to low income consumers in 26 jurisdictions through the federal Lifeline/Link Up program, and the company is keenly aware of the inefficiencies engendered by lack of national uniformity. For example:

Application of discount - One state, Kansas, has interpreted Section 54.403(b) of the Commission's rules, which pertains to application of the Lifeline discount, differently from the other jurisdictions in which Sprint is an ETC. This has required special coding in Sprint's billing system to bill Kansas Lifeline customers differently from other post-

[2] Referral Order at ¶16.
[3] AT&T Comments at p. 3.

paid Lifeline customers. Other states and NASUCA also have raised questions about application of the Lifeline discount.[4] This issue is currently before the Commission, and is ripe for decision.[5]

Eligibility requirements - Various states use different needs-based programs to determine Lifeline eligibility – some use fewer programs than are included on the federal default list (which can restrict eligibility), some use more – which means that Lifeline application forms and processes must be tailored to the varying requirements of each jurisdiction. Sprint recommends that all jurisdictions use the same list of needs-based programs or poverty benchmark to determine Lifeline eligibility.

Record retention – As the Commission has noted, ETCs must maintain records documenting their compliance with low-income program requirements either for the three full preceding calendar years, or, in federal default states, for as long as the customer receives Lifeline service from that ETC.[6] Because Sprint is an ETC in both federal default and non-default states, it keeps all customer data for as long as the end user is a Lifeline customer (*i.e.*, Sprint uses the federal default standard for all of its Lifeline customers). Sprint believes that document retention for the entire length of the customer's enrollment in the Lifeline program is unnecessary, and recommends that the document retention rules be kept to a consistent 3-year timeframe for all jurisdictions.

In addition to greater uniformity of certain program rules, Lifeline program effectiveness and efficiency can be improved by the adoption of a centralized database containing end user information for qualified Lifeline customers. Sprint agrees with AT&T that allowing the state rather than the Lifeline service provider to determine a consumer's Lifeline eligibility is appropriate.[7] Some consumers may be hesitant to provide proof of income to a carrier (both upon establishment of Lifeline service and in

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[4] *See, e.g.*, comments of NASUCA at p. 4. NASUCA also suggests (p. 5) that it might be appropriate to apply the Lifeline discount to the service provider's wholesale or forward-looking cost. This proposal should be rejected. The rates charged to Lifeline customers are the result of a competitive marketplace and there is no showing of a market failure that would justify rate regulation.

[5] *See* Sprint's Petition for Declaratory Ruling Concerning A Kansas Corporation Commission Lifeline Rule, WC Docket Nos. 03-109 and 07-138. The pleading cycle on this petition closed on August 24, 2007.

[6] Referral Order at ¶ 23.

[7] AT&T Comments at pp. 5-7.

the subsequent verification process), particularly if they have already provided such information to a state entity that is in a position to direct or enroll the consumer in social welfare programs other than Lifeline.

Sprint also supports the recommendation that state databases for qualifying needs-based programs be linked to a centralized database for Lifeline and Link Up eligibility.[8] As commenting parties point out,[9] a centralized database offers significant benefits:

Improved program efficiency – If states forward to the centralized database information on a consumer's participation in a qualifying program, there would be no need for carriers to seek certification (either initially or during the annual verification process) from the end users.

Increased Lifeline retention rates - In Sprint's experience, a large percentage of consumers who are removed from the Lifeline program are dropped because they have failed to provide proof of their continued eligibility to participate, despite repeated efforts to solicit this information.[10] If consumers in a Lifeline database could be cross-checked against users in a state needs-based program database, Lifeline eligibility could be verified through means other than end user self-certification.

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[8] Referral Order at ¶ 20.

[9] *See, e.g.*, comments filed by AT&T at p. 9; Verizon at p. 5; Florida PSC at p. 6 (certification and verification can be accomplished through a centralized computer portal which confirms whether a potential Lifeline customer is already enrolled in a qualifying Lifeline program); Ohio PUC at p. 11 (national database may help enforcement of "one discount per household" and other eligibility rules).

[10] For example, Sprint sends its post-paid Lifeline customers a certified letter requesting this information, followed up by a telephone call to non-respondents as well as a second and third mailer, as necessary.

Reduced waste, fraud and abuse – A centralized database with the address and telephone number(s) of Lifeline consumers and participation indicator (such as an activated PIN, as suggested by AT&T) would help to identify consumers who already receive a Lifeline discount on another line. This could be an important tool for enforcing the "one discount per household" rule, because service providers (especially an independent wireless carrier such as Sprint) generally have no means of determining if a consumer is already receiving a Lifeline discount from another service provider.[11]

Certain parties have suggested that prepaid wireless service providers be required to text their Lifeline customers every 60 days to confirm that the account is still active.[12] The Joint Board and Commission should not adopt this proposal, as it is neither fool-proof nor inexpensive to implement. Certain segments of the Lifeline population (in particular, older customers and disabled customers) frequently are not comfortable with text messaging, and may be reluctant or unable to review and respond to a text message; indeed, Assurance Wireless has experienced a very low response rate overall to texts to its Lifeline customers. Failure to respond to a text message under this proposal would result in disconnection of an end user even if he is still an eligible and active Lifeline customer.

Despite all of the efficiency benefits generated by a national Lifeline database, it may be that some ETCs do not have the IT capability to interface with such a database (much less with individual state databases, each of which is likely to have different

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[11] *See, e.g.*, Florida PSC at p. 7.
[12] *See* AT&T at p. 15; Florida PSC at p. 9.

interface specifications). Thus, automated communications with a centralized database should be optional rather than required for ETCs.

III. THE COMMISSION SHOULD NOT ADOPT "MINIMUM STANDARDS" FOR PREPAID WIRELESS LIFELINE SERVICES

One area in which uniformity should be avoided relates to adoption of (unspecified) minimum standards for prepaid wireless Lifeline services.[13] Comments submitted by parties advocating the imposition of such standards on prepaid wireless providers disregard the Commission's repeated determination that such requirements would unduly favor one technology over another[14] and discount the tremendous value offered by prepaid wireless services such as Sprint's Assurance Wireless Lifeline offering. Indeed, requiring specific plans at specific prices is a level of rate regulation that is unjustified in a competitive retail market.

The Commission's local usage regulations do not 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 incumbent local exchange carrier ("ILEC") in the relevant service territory.[15] In analyzing whether an

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[13] *See* NASUCA at p. 5.
[14] *See, e.g., In the Matter of Federal-State Joint Board on Universal Service*, Order and Order on Reconsideration, 18 FCC Rcd 15090, 15097 (2003); *In the Matter of Federal-State Joint Board on Universal Service*, Recommended Decision, 18 FCC Rcd 2943, 14138 (2002) ("Indeed, the Commission declined to include services, such as unlimited local usage, because they would not be competitively neutral and could hinder the entrance of competitive wireless ETCs.").
[15] 47 C.F.R. § 54.202(a)(4).

ETC applicant's plan is comparable to the underlying ILEC's, all aspects of the plan must be considered 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.) and the amount of local usage.[16]

Without question, Sprint's Assurance Wireless offering provides compelling value to consumers and is comparable (in many respects, superior) to ILEC Lifeline plans. In addition to providing a free handset, Assurance Wireless provides 200 free anytime minutes per month at no charge to qualified end users. Assurance Wireless does not charge taxes or connection/activation fees to end user customers. As a result, customers receive free service *with no additional charges for taxes or activation.* Assurance Wireless also provides Lifeline customers with access to a variety of other features at no cost, including voice mail, caller I.D., call waiting services and enhanced 911 capabilities.[17] Assurance Wireless customers can use their monthly minutes to place calls nationwide because the plan does not impose a local calling area requirement (unlike the Lifeline plans offered by most incumbent ETCs). By including all applicable taxes and fees, offering additional functionality, allowing customers to use their minutes for long distance services, and providing a free handset, Assurance Wireless offers compelling value to end user customers.

Instead of imposing unnecessary and burdensome limits on the provision of prepaid wireless service, the Commission should strive to provide ETCs with the

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

[17] In contrast, ILECs' retail rates for their Lifeline services generally do not reflect applicable taxes, activation fees, or additional charges for vertical features.

flexibility necessary to design their Lifeline programs to meet the demands and needs of consumers. There is no question that prepaid wireless carriers have played an important role in driving the adoption of wireless services for many customers previously unable to subscribe to an increasingly essential service. By expanding the availability of wireless services to those otherwise unable to afford service, prepaid providers are helping to drive overall wireless penetration rates higher and providing an alternative wireless service to those who previously had difficulty accessing one. Accordingly, the Commission should be especially careful to not impose onerous obligations and conditions that could hinder carriers' ability to continue to provide affordable and attractive prepaid wireless service to low income consumers.

IV. THE LOW INCOME USF SHOULD BE EXPANDED TO SUPPORT BROADBAND

The National Broadband Plan recommends that the low-income USF program be expanded to support broadband services.[18] Sprint endorses this proposal.[19] Broadband is rapidly becoming a key tool that consumers need to engage in everyday tasks such as searching for a job, doing school work, social networking, obtaining and exchanging medical information, and engaging in civic activities. Low income populations have relatively low broadband adoption rates, due in large part to the cost of broadband service and equipment,[20] and stand to benefit substantially from expanded support for broadband services (through the Lifeline program) and equipment (through the Link Up program).[21]

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[18] National Broadband Plan at pp. 172-3.
[19] *See also*, AT&T at p. 3.
[20] National Broadband Plan at p. 173.
[21] Expanding the Link Up discount (currently up to $30 for non-Tribal customers) to provide a subsidy towards the cost of a wireless broadband-capable device such as a

Footnote continued on next page

Mobile broadband has the potential to be particularly useful to low income consumers who may be unable to afford wireline broadband service, but who do have mobile phone service or even a laptop. A recent study indicated that low income users (annual household income of less than $30,000) experienced the largest percentage increase in wireless Internet use of any income group,[22] with some significant (perhaps majority) of wireless usage occurring via mobile phone.[23]

Providing Lifeline subsidies directly to an eligible end user is a competitively and technologically neutral means of promoting universal broadband access, because it allows the consumer ("the market") to select whatever service platform best meets his broadband needs. At the same time, the Commission, the Joint Board, and other interested parties must remain sensitive to the need to keep the overall USF burden at a sustainable and reasonable level. Therefore, Sprint recommends that any new broadband

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mobile phone or data card may prove to be enough to enable a low income household to purchase such a device.

[22] *See* Aaron Smith, Pew Internet & American Life Project, "Mobile Access 2010," released July 7, 2010, p. 9 (households with income below $30,000 showed 11% increase in wireless Internet use between April 2009 and May 2010, compared to increases of 2–8% for the three other higher income groups surveyed), study available at <http://www.pewinternet.org/Reports/2010/Mobile-Access-2010.aspx>.

[23] *Id.*, p. 11 (of households with income under $30,000 who had wireless Internet usage, 17% had a wireless phone only, compared to 12% who had laptop only). Anecdotal evidence indicates that some users -- particularly lower income consumers -- rely upon their smartphone rather than fixed broadband connections to obtain Internet access because of the cost, flexibility, and portability of mobile broadband devices. *See, e.g.*, Chelsea Leposa and Jared Pass, "Can mobile ubiquity help bridge Philly's digital divide?" *Technically Philly*, March 31, 2010, available at <http://technicallyphilly.com/2010/03/31/can-mobile-ubiquity-help-bridge-phillys-digital-divide>; Barbara Hernandez, "Pew Research: Wealthy use laptops, poor have mobile phones," PC World Business, July 9, 2010, available at <http://www.pcworld.idg.com.au/article/352610/pew_research_wealthy_use_laptops_poor_mobile_phones/>; Cecilia Kang, "Going wireless all the way to the web," Washington

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high-cost and low income universal service funds be jointly capped. Greater broadband funding for low income consumers should be offset by reductions in high-cost USF support.

V. THE COMMISSION SHOULD NOT ADOPT MANDATORY OUTREACH REQUIREMENTS

The Commission has asked the Joint Board to consider whether the Commission should adopt mandatory Lifeline outreach requirements.[24] As commenting parties have recommended, the Commission should not adopt such a proposal.[25] Insofar as Sprint is aware, there is no evidence to suggest that ETCs' outreach efforts have been inadequate. To the contrary, carriers such as Sprint (particularly its prepaid business unit, which offers the Assurance Wireless Lifeline product) have aggressively promoted their Lifeline service plans and have been quite successful at enrolling Lifeline subscribers. Sprint, for example, has both a dedicated website for its prepaid Lifeline service (www.assurancewireless.com) and a link to its postpaid Lifeline service web page through its homepage (www.sprint.com/lifeline); dedicated toll-free numbers staffed by customer service representatives who have been specially trained to address Lifeline issues; advertising campaigns in English and, in some markets, Spanish; direct mail outreach; and a vigorous public relations campaign to announce the availability of the Assurance Wireless product in each market in which we obtain a new ETC designation.

Post, July 10, 2010, available at < http://www.washingtonpost.com/wp-dyn/content/article/2010/07/09/AR2010070905521.html>.

[24] Referral Order at ¶ 34.

[25] *See, e.g.*, Verizon at p. 11; Florida PSC at p. 11 (rather than mandatory outreach requirements, ETCs should have "a menu of choices that would best fit their states' needs in increasing participation in Lifeline/Link Up programs").

The continuing growth in the number of entities that have been designated as ETCs,[26] all of which are required to engage in Lifeline outreach activities, may be expected to increase awareness of the Lifeline USF program as well as stimulate competition in this market segment. An ETC that wishes to attract new Lifeline customers has market incentives to engage in effective outreach efforts and sales initiatives, and a carrier that is providing service in a particular area presumably will be familiar with the needs of that community. Thus, there is no need for the Commission or Joint Board to attempt to micromanage ETCs' outreach efforts, through expenditure benchmarks or otherwise. Allowing a regulatory body to dictate commercial service providers' outreach activities is likely to be ineffective, potentially costly, and would limit the ETC's flexibility to address local needs, and accordingly should be avoided.

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[26] According to USAC, there were 2224 entities designated to provide Lifeline service in the third quarter of 2009 (*see* USAC Form LI03, 3Q2009; this report counts a service provider once for each jurisdiction in which it is a designated ETC). In recent months, numerous non-facilities based carriers (including TracFone, i-wireless, Cricket Communications, Conexions LLC, Platinumtel Communications, Line Up LLC, Consumer Cellular, Head Start, Midwestern Telecommunications, and NTCH) also have received or have sought Lifeline-only ETC designations.

Respectfully submitted,

SPRINT NEXTEL CORPORATION

Norina T. Moy

Charles W. McKee
Vice President, Government Affairs
Federal and State Regulatory

Norina T. Moy
Director, Government Affairs

900 Seventh St. NW, Suite 700
Washington, DC 20001
(703) 433-4503

July 30, 2010

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Comments of Sprint Nextel Corp. was filed electronically or via US Mail on this 30th day of July, 2010 to the parties listed below.

Norina T. Moy

Norina T. Moy

Elizabeth Valinoti McCarthy
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
Elizabeth.Mccarthy@fcc.gov

Kay Marinos
Oregon Public Utility Commission
550 Capitol St. NE
Salem, OR 97308
Kay.Marinos@state.or.us

Charles Tyler
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
Charles.Tyler@fcc.gov

Best Copy and Printing, Inc.
Portals II
445 12th St., SW, Room CY-B402
Washington, DC 20554
fcc@bcpiweb.com