

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link Up)	WC Docket No. 03-109

REPLY COMMENTS OF SPRINT NEXTEL CORPORATION

Sprint Nextel Corporation (“Sprint”) hereby respectfully submits its reply comments in the above-captioned Notice of Proposed Rulemaking in response to the Further Inquiry Into Four Issues In the Universal Service Lifeline/Link Up Reform and Modernization Proceeding (“Further Inquiry”) released on August 5, 2011.

The comments submitted in response to the Further Inquiry include many additional suggestions that will improve the effectiveness and efficiency of the Low Income program. To that end, Sprint supports elimination of Link Up support for the Lifeline voice telephony program and the redeployment of those funds to support the broadband pilot. A review of the comments in response to the Further Inquiry make clear that eligible telecommunications carriers (“ETCs”) are not seeking Link Up to provide a discount to customers on the cost of establishing telephone service. Rather, ETCs who seek Link Up funds do so in order to defray operational costs

Nexus Communications, Inc. (“Nexus”) attempts to defend its receipt of Link Up funds to cover its marketing costs by engaging in gross speculation as to why Virgin Mobile does not seek Link Up support for its Assurance Wireless brand. Each of the

characterizations and conclusions advanced by Nexus concerning Assurance Wireless is incorrect and in some instances misleading.

Assurance Wireless is a sub-brand of Virgin Mobile, which is one of Sprint's prepaid brands. Virgin Mobile serves approximately 5 million customers. Assurance Wireless operates as a standalone business unit and serves a separate customer base. Assurance Wireless, like Nexus, is a Lifeline only brand. It does not offer non-Lifeline plans to its customers. Lifeline service is by no means a "small segment" for Assurance Wireless; it is the sole business under that brand.

Assurance Wireless does not rely on retail distribution. Assurance Wireless handsets and service are not available in any retail locations, big box store or otherwise. Indeed, Virgin Mobile does not have stand-alone retail outlets. Sprint retail outlets that offer Virgin Mobile handsets and service do not sell or otherwise offer Assurance Wireless service. Assurance Wireless also does not engage in any online sales. While perspective customers may print an Assurance Wireless application from the website, the application must be completed by hand and mailed or faxed to Assurance Wireless for review and processing.

Neither Virgin Mobile nor Sprint "absorb activation costs" for the Assurance Wireless brand. Instead, Assurance Wireless has an independent business model that supports its marketing activities, handset costs, and any other costs associated with the Assurance Wireless business. In addition to mass marketing activities, Assurance Wireless engages in grassroots outreach and marketing efforts in low-income communities. Assurance Wireless views all of these costs as the costs of doing business and serving the Lifeline population.

In Sprint's view, Link Up funds would be more effectively deployed to support a broadband Lifeline program, as set forth in Sprint's comments in response to the Further Inquiry, than in covering an ETC's typical costs of doing business in the voice telephony space.

Respectfully submitted,

SPRINT NEXTEL CORPORATION



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