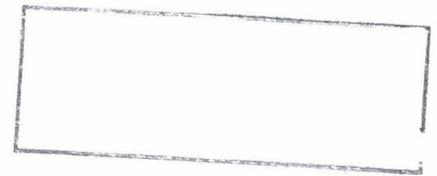


Before the
Federal Communications Commission
Washington, DC 20554



In the Matter of

Lifeline and Link Up Reform and Modernization:
Lifeline and Link Up; Federal-State Joint Board
on Universal Service; Advancing Broadband
Availability Through Digital Literacy Training

WC Docket 11-42

FILED/ACCEPTED

Application of Choice Communications,
LLC to Participate in the Broadband
Adoption Lifeline Pilot Program With Respect to
the US Virgin Islands

JUN - 2 2012

Federal Communications Commission
Office of the Secretary

**Application of Choice Communications, LLC to Participate in the Broadband Adoption
Lifeline Pilot Program**

Choice Communications, LLC (“Choice Wireless”) hereby submits this Application to Participate in the Broadband Adoption Lifeline Pilot Program with respect to the US Virgin Islands of St. Thomas, St. Croix and St. John (“USVI”). This application is in response to the Public Notice¹ released April 30, 2012 pursuant to the Lifeline Reform Order and FNPRM.² Choice Wireless seeks approval to participate in the Pilot Program established by the Federal Communications Commission (the “FCC”) pursuant to the Lifeline Reform Order and FNPRM.

Choice Wireless was designated as an Eligible Telecommunications Carrier (“ETC”) by the Public Service Commission of the U.S. Virgin Islands (the “PSC”) in 2010. It has utilized the universal service funds it received for the purposes intended and required by law, including the upgrade and improvement of its wireless network that is capable and provides 3G service.

¹ Wireline Competition Bureau Announces Application Procedures and Deadline for Applications to Participate in the Broadband Adoption Lifeline Pilot Program; WC Docket No. 11-42 {the “Public Notice”}.

² *Lifeline and Link Up Reform and Modernization; Lifeline and Link UP; Federal-State Joint Board on Universal Services; Advancing Broadband Availability Through Digital Literacy Training*, WC Dkt. Nos. 11-42, 03-109, CC Dkt. No. 96-45, WC Dkt. No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012){“Lifeline Reform Order and FNPRM”}



Choice Wireless' 3G service is now available to approximately 90 % of the population of USVI. Despite this substantial coverage and availability of 3G broadband capable service, the actual penetration or take rate in the USVI is approximately 32%, one of the lowest in the United States and its territories. In fact, according to the FCC's Internet Access Services report, only 13,000 of the Virgin Islands' 41,000 residential households have access to connections of at least 200 Kbps, the minimum required in the "broadband" classification. This represents a subscribership ratio of only 32% compared to the nationwide average of 64%. According to the same data, the number having access to at least 3 Mbps is under 1% compared to 33% for the nationwide average.

Consistent with this low penetration or take rate is the very low income level of the residents of the USVI. The median income for a household in the territory was \$24,704, and the median income for a family was \$28,553. The per capita income for the territory was \$13,139. About 28.7% of families and 32.5% of the population were below the poverty line, including 41.7% of those under age 18. Further, 31.6% of the entire population was reported to be under the age of 18 and nearly 35% of the households reported having children under the age of 18. Therefore, Choice Wireless, its proposal and the USVI are an excellent carrier selection to be used by the FCC to determine how to increase penetration of broadband among Lifeline customers.

Choice Wireless is asking to participate in the Pilot Program described in the Public Notice and is, therefore, seeking funding in this Application to conduct a trial of discounted broadband service that would be directly marketed to Lifeline eligible households. Specifically, Choice Wireless proposes to provide broadband wireless service to Lifeline eligible customers for **\$REDACTED** per month and would provide end user equipment without charge to these

customers. Choice Wireless also proposes to partner with certain schools to provide them discounted dedicated access to broadband service. The dedicated broadband access will be provided to these schools at no costs to the schools. Such service would cost \$1,800 in the ordinary course of business. In exchange for receiving free service, the partner schools would provide digital literacy training directly to the students of eligible Lifeline customers and thus the beneficiaries of the service offering.

As the major provider of wireless broadband in the USVI and the wireless carrier with the greatest coverage in the area, Choice Wireless is the most qualified carrier to assist the FCC in testing ways to increase the penetration of broadband to Lifeline eligible low income customers that do not currently utilize broadband. Additionally, as demonstrated in this Application, the USVI would be an excellent test area for the Pilot Program.

The following sections of the Application address each of the requirements of applications as set out in the Public Notice and are numbered to correspond with the sections of the Public Notice.

SECTION I - COMPANY INFORMATION & PROPOSED BROADBAND OFFERING

(A) Applicant Information

- (1) Applicant does business under the name: Choice Communications, LLC d/b/a Choice Wireless
- (2) Choice Communications, LLC is a wholly owned subsidiary of Atlantic Tele-Network, Inc. ("ATNI"), a publicly held company headquartered in Beverly, Massachusetts. Choice Wireless was acquired by ATNI in October 1999. Other subsidiaries of ATNI, affiliates of Choice Wireless, are Allied Wireless Communications Corporation dba Alltel, Commnet Wireless, LLC, Islandcom Telecommunications LTD, Bermuda Digital

Communications LTD, ION Holdco, LLC, Guyana Telegraph & Telephone, SAL Spectrum, LLC and Sovernet, Inc. Choice Wireless is the largest provider of Internet access services in the U. S. Virgin Islands and was designated as an ETC on July 7, 2010 by the PSC. It is headquartered in St. Thomas and has retail locations in – St. Thomas, St. Croix and St. John. Choice holds 20 FCC licenses in the U.S. Virgin Islands, including licenses for Local Multipoint Distribution Service (LMDS), Specialized Mobile Radio (SMR), Common Carrier Fixed Point-to-Point Microwave, Broadband Radio Service (BRS) and Educational Broadband Service (EBS) licenses.

- (3) Applicant's FCC Registration Number (FRN) is 0001-7262-56.
- (4) Applicants Study Area Code is 815426.
- (5) Applicant is currently designated as an ETC to provide Lifeline service throughout the U.S. Virgin Islands of St Thomas, St John and St Croix.
- (6) The geographic area where Applicant is currently an ETC is reflected on Exhibit 1 to this Application (the "ETC Designated Area"). This map was attached to the ETC application that was approved by the PSC.
- (7) Attached as Exhibit 2 to this Application is a copy of screen shots from Applicant's website that provide a description of Applicant's current service offerings in the ETC Designated Area.

(B) Description of the Proposed Pilot Project

- (1)(a) Choice Wireless will offer the proposed broadband plan within its ETC designated area reflected on Exhibit 1.
- (1)(b) Census data on the income and education levels of the residents of the specified geographic area(s) will be considered.

- (2) Choice Wireless will offer shared fixed wireless broadband service to qualifying Lifeline eligible customers over its existing 3G network using Nextnet Modems. Choice Wireless will offer dedicated internet access to partnering schools using LMDS Radios.
- (3)(a) Choice Wireless will provide broadband at speeds of 5Mbps.
- (3)(b) The speeds offered by Choice Wireless exceed the benchmarks identified by the FCC for wireless, in excess of 50Kbps uplink and 200kbps downlink and for fixed broadband which is 4Mbps downlink and 1Mbps for uplink.
- (3)(c) Choice Wireless' proposed offering meets the wireless 3G speeds and fixed broadband speeds that are applicable.
- (3)(d) The speed offered will assist schools that are partnering with Choice Wireless in providing digital literacy and in general education and research efforts. The service provided to individuals will expand their literacy and access to information and enable consumers access to person-to-person communications (e.g., online video chat).
- (4)(a) The proposed offering will provide a monthly discount of **\$REDACTED** to qualifying low-income residential customers and a **\$REDACTED** discount to local schools that will partner with Choice Wireless in providing Information Technology Labs to improve digital literacy.
- (4)(b) Monthly cost to customers after application of the discount will be **\$REDACT**.
- (4)(c) Choice Wireless is seeking monthly subsidies for a period of 12 months for the discounts provided to partnering schools and will seek monthly subsidies for qualifying low income residential customers for a maximum period of 12 months

or from the date of the customers' enrollment in the broadband service through the conclusion of the pilot program. Choice Wireless will not require any lead time for system changes before it offers the Pilot Service.

(4)(d) Potential customers will be required to complete an Enrollment Application demonstrating his/her eligibility prior to receiving the service. An example of an Enrollment Application is attached hereto as Exhibit 3. Among other terms, customers must agree to comply with all FCC rules pertaining to Lifeline service. Qualifying residential customers will receive unlimited access to high speed internet service. Partnering schools will receive unlimited dedicated access to high speed internet service.

(5) Non-recurring fees:

Choice Wireless will waive all non-recurring charges associated with equipment for the pilot program subject to being returned to Choice Wireless at the end of the trial period. Choice Wireless will waive all non-recurring charges associated with initial service installation. The Nextnet modems that will be made available free of charge to participating residential customers. The standard fees for such equipments is \$99 with a 12-month contract and \$49.99 with a 24 month contract. The LMDS Radios that will be offered to partnering school free of charge costs \$1,800 in the ordinary course of business.

(6) How the proposed pilot project will focus on those low-income consumers who do not currently subscribe to broadband:

Choice Wireless will develop and utilize a marketing campaign that describes and educates on the benefits of having internet service at home. It will be targeted to low income residents in the USVI. The focus of the program will be households

with children under the age of 18, the largest population group in the USVI. Partnering with schools will assure that children under the age of 18 have access to digital literacy training.

(7) Overall estimated funding, number of customers estimated to serve, and underlying assumptions:

The overall funding, number of customers to be served and underlying assumptions for the proposed pilot program is provided in Confidential Exhibit 4.

(8) Description of proposed marketing and outreach:

Choice wireless will market the proposed broadband offering to qualifying customers using radio, newspaper and door-to-door flyers. Government agencies may also be provided materials that explain the offer. Partner schools will also be provide materials that explain the service offer and currently known qualified Lifeline customers may be contacted directly.

(9) Customer service support

In addition to the digital literacy assistance that will be available through the IT labs established by partnering schools, participating subscribers will receive Choice Wireless' standard customer service that is available to all customers.

(C) Non-costs barriers to broadband adoption

The primary benefit of Choice Wireless' proposed service offering is that it will offer eligible low income subscribers access to broadband service at a discounted and affordable rate. Choice Wireless has partnered with the several local schools to establish IT labs that will provide free digital literacy training to eligible subscribers. Furthermore, during the trial Choice Wireless will provide free modems to qualifying customers. The company will purchase the modems and

incur that expense. The company will require those customers that receive service during the trial to return the modems if they choose to discontinue service at the conclusion of the trial. Failure to return the modem will result in automatic service termination and collection efforts to recover residual costs of equipment.

(D) Description of partners

As described earlier, Choice Wireless is partnering with certain schools. This effort and the provision of digital literacy training by these partners will enable the company to reach the largest population group of the USVI and enable them to understand and utilize broadband service. A list of the names of schools that will partner with Choice Wireless for this trial and their qualifications are attached hereto as Exhibit 5.

(E) Design, data gathering and evaluation component of the project

(1)(a) Planning, execution and analysis of field experiment

Through the proposed trial the company intends to determine whether digital literacy training combined with a behavioral change (convenience of having internet service at home) brought about by a government subsidy for a limited period of time (12 months) will alter a consumer's behavior in the long run (increase the appeal for broadband service that customers will be willing to allocate a portion of their limited income for broadband service). The trial will have a control group of approximately 150 customers. The control group members will receive a free modem but will be required to pay \$74.99 per month for the service. Choice Wireless will initially promote the proposed offering to its current Lifeline customer base. Choice Wireless will then market the offering

through a marketing campaign. Participants will be enrolled through the current processes used to enroll Lifeline customers. The current process requires customers to verify their eligibility and enroll for service at retail locations and at targeted and planned local community events. Choice Wireless will monitor take rates, churn and usage in each group. As part of the usage analysis, Choice Wireless will attempt to determine how much data customers use, will usage increase with increased literacy and familiarity, how easily equipment can be retrieved and how many customers retain the service after the trial concludes.

(1)(b) Explanation of how the proposed project(s) will inform concerning the causal impact of the variations on broadband service

The collected results and customer reaction including retention rates at the conclusion of the study will demonstrate whether exposure and education to use of broadband can convince customers to prioritize broadband service costs in their monthly costs of living. The intent will be to eliminate lack of use and understanding of broadband as a factor in determining why low penetration rates exists among Lifeline customers.

(1)(c) Randomization, i.e. the process of randomly determining how consumers are assigned into control groups

Choice Wireless will randomly determine which locations will be provided the different offerings.

(1)(d) Mitigation of any sources of statistical bias, if designed as a field experiment

Census data will be used to identify social-economic data, education levels, income levels, demographic make-up, and population size in determining similarly situated locations.

(1)(e) Sufficient sample size.

Use of the Lifeline eligible customer base will assure that the maximum sample size will be utilized.

(2) Collection of the standardized data

Choice Wireless will work with participants in the trial to complete the forms required in the Public Notice at the time of enrollment and at the conclusion of the trial.

(3) Data from subscribers in addition to the standardized data

Choice Wireless does not intend to collect any data other than that required by the Public Notice.

(F) Rules relating to determinations of subscriber eligibility for Lifeline-supported services

As an ETC authorized to provide Lifeline service and currently providing Lifeline service in the USVI, Choice Wireless has implemented processes to comply with the FCC new rules for determining subscriber eligibility. Choice Wireless will follow the same process when enrolling customers for the broadband trial. The proposed Enrollment Application is attached as Exhibit 3.

(G) Transition of broadband subscribers

At the conclusion of the trial, Choice Wireless will offer participants the opportunity to receive uninterrupted service for **\$REDACTED** per month or subscribe to 1MB of service for month for **\$REDACTED**/month. Participants that chose to discontinue service will be required to return the equipment that was provided by the company at the outset of the trial.

(H) Final report