

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

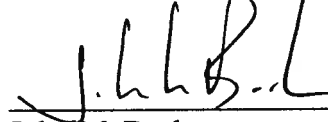
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In the Matter of Virgin Mobile USA))
Petition for Limited Designation as an) Docket No. 10-2521-01
Eligible Telecommunications Carrier))
_____))

VIRGIN MOBILE USA’S REBUTTAL TESTIMONY

Virgin Mobile USA (“Virgin Mobile” or the “Company”), by counsel, hereby files its
Rebuttal Testimony with the Public Service Commission of Utah in the above-captioned matter.

Respectfully submitted,

VIRGIN MOBILE USA



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December 7, 2010

1 **REBUTTAL TESTIMONY OF ELAINE DIVELBLISS**

2 Q1: WHAT IS YOUR NAME AND OCCUPATION?

3 A: My name is Elaine Divelbliss. I am a Senior Counsel in Sprint's Prepaid Group with
4 primary responsibility over the business and regulatory affairs of Virgin Mobile USA
5 ("Virgin Mobile" or the "Company").

6 Q2: WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY

7 A: The purpose of my testimony is to provide an update regarding the terms of Virgin
8 Mobile's proposed Lifeline service offering and to respond to the direct testimony filed
9 by the intervenors in this proceeding.

10 Q3: WHAT ARE THE UPDATES TO VIRGIN MOBILE'S LIFELINE SERVICE
11 OFFERING THAT YOU WOULD LIKE TO PROVIDE?

12 A: Since filing its Petition, Virgin Mobile has implemented new methods by which Lifeline
13 customers can purchase additional monthly minutes in bulk. Under the first new
14 option, Lifeline customers can add \$5 to their account to purchase an additional 250
15 monthly minutes, providing them with a total of 500 voice minutes in a month (250 free
16 minutes plus 250 additional minutes). Under the second option, Lifeline customers can
17 add \$20 to their account to purchase an additional 750 voice minutes, providing them
18 with a total of 1,000 voice minutes (250 free minutes plus 750 additional minutes).
19 Customers choosing this second option will also receive 1,000 monthly text messages.
20 There is no obligation that customers purchase these additional offerings or add money to
21 their accounts, and all eligible customers will continue to receive 250 free monthly

1 minutes. All Lifeline customers will also continue to have access to a variety of other
2 standard features at no additional charge, including a voice mail account, caller I.D. and
3 call waiting services.

4 Q4: OTHER THAN THESE MODIFICATIONS, HAS THE COMPANY MADE ANY
5 OTHER MATERIAL CHANGES TO THE RATES, TERMS OR CONDITIONS OF
6 SERVICE AS YOU DESCRIBED IN YOUR DIRECT TESTIMONY?

7 A: No.

8 Q5: IS THERE ANY FURTHER INFORMATION THAT YOU WOULD LIKE TO
9 PROVIDE TO UPDATE YOUR DIRECT TESTIMONY?

10 A: Yes, since filing my direct testimony, Virgin Mobile has been designated as an ETC in
11 the states of Indiana, Mississippi and Washington.

12 Q6: WHAT WAS THE NATURE OF THE ETC DESIGNATIONS IN THESE STATES?

13 A: Consistent with the Company's previous ETC designations, the public utility
14 commissions of these states designated Virgin Mobile as a facilities-based ETC solely
15 for Lifeline purposes.

16 Q7: HAVE YOU REVIEWED THE DIRECT TESTIMONY THAT WAS FILED BY THE
17 INTERVENORS IN THIS PROCEEDING?

18 A: Yes.

19 Q8: DO YOU HAVE ANY RESPONSES TO THE ISSUES RAISED BY THESE
20 PARTIES?

1 A: Yes.

2 Q9: WHAT IS YOUR RESPONSE TO THE REQUESTS RAISED BY SEVERAL
3 PARTIES THAT THE COMMISSION CONDITION VIRGIN MOBILE'S ETC
4 DESIGNATION ON IMPLEMENTATION OF AN INACTIVITY POLICY?

5 A: Virgin Mobile is willing to implement a 60-day non-usage policy for Utah customers as
6 follows: Virgin Mobile will monitor the service activity of its Utah Lifeline customers.
7 If no usage appears on an account during any continuous 60-day period, Virgin Mobile
8 will promptly notify the customer that the customer is no longer eligible for Virgin
9 Mobile Lifeline service subject to a 30-day grace period. During the 30-day grace period,
10 the customer's account will remain active, and the customer will continue to receive his
11 or her allocation of free minutes. During this period, Virgin Mobile will engage in
12 outreach efforts to determine if the customer desires to remain on Virgin Mobile's
13 Lifeline service. In order for the account to remain active after the 30-day grace period,
14 the account must show at least one instance of customer-specific activity, including
15 making or receiving a voice call, receiving or sending a text message, downloading data,
16 or adding money to the account. If usage appears on the account during the grace period,
17 the customer's service will continue as usual. At the end of the 30-day grace period, if
18 the account does not show customer-specific activity, the customer will be deactivated
19 from Lifeline services and no longer receive a monthly allocation of free minutes.

20 Q10: AT WHAT POINT DOES VIRGIN MOBILE DISCONTINUE SEEKING THE USF
21 SUBSIDY FOR DEACTIVATED CUSTOMERS?

1 A: Virgin Mobile will discontinue Lifeline benefits for customers who are deactivated
2 pursuant to the procedures described above, and the Company will not seek to recover the
3 USF subsidy for the free minute allotment provided at the beginning of the grace period.
4 Customers who use the service during the 30-day grace period, or otherwise notify Virgin
5 Mobile during this period that they continue to use the service, will receive interrupted
6 Lifeline benefits, and Virgin Mobile will continue to report such customers on its USAC
7 Form 497.

8 Q11: ARE DEACTIVATED CUSTOMERS ABLE TO USE THEIR ASSURANCE
9 WIRELESS HANDSET AFTER DEACTIVATION?

10 A: For an additional 120 days after the end of the grace period, deactivated customers may
11 continue to use their handset and service at standard a la carte rates available to Virgin
12 Mobile Lifeline customers (\$0.10/minute for voice calling and \$0.10/text message), after
13 which time the account will be terminated. If in the future, the customer desires to re-
14 enroll in the Virgin Mobile Lifeline program, the customer must reapply as a new
15 customer.

16 Q12: CAN YOU PROVIDE AN OVERVIEW OF THE PROCEDURES BY WHICH VIRGIN
17 MOBILE WILL ANNUALLY VERIFY THE CONTINUED ELIGIBILITY OF ITS
18 UTAH LIFELINE CUSTOMERS?

19 A: Yes. Virgin Mobile will annually verify the continued eligibility of each of its Lifeline
20 customers. In conjunction with Solix, Virgin Mobile has designed a recertification
21 process that it believes will effectively confirm the continued eligibility of its Lifeline
22 customers. Under these procedures, Virgin Mobile will notify each Lifeline consumer by

1 text message, telephone and/or U.S. mail at least 60 days prior to the customer's Lifeline
2 service anniversary date that the customer must confirm his or her continued eligibility
3 for Lifeline services. Customers will also need to verify that they are the head of
4 household and only receive Lifeline service from Virgin Mobile. To provide customers
5 with sufficient flexibility, customers will be able to confirm their continued eligibility
6 through a variety of means, including online, fax or mail. Receipt of a customer's annual
7 verification will be a prerequisite for the customer's continued eligibility for Lifeline-
8 supported services. Any customers who do not verify their eligibility within 30 days of
9 receipt of the verification notice will be removed from the Lifeline program. Virgin
10 Mobile agrees to implement these procedures for its Lifeline services in Utah so long as
11 the FCC continues to require the Company to annually verify the eligibility of each of its
12 customers.

13 Q13: IS THE COMPANY WILLING TO ABIDE BY OTHER REQUIREMENTS IMPOSED
14 BY THE COMMISSION ON ALL ETCs TO CURTAIL WASTE, FRAUD AND
15 ABUSE IN THE LIFELINE PROGRAM?

16 A: Yes. To the extent required for all ETCs in Utah, Virgin Mobile is willing to utilize the
17 Department of Community and Culture's systems and databases to ensure that only one
18 individual per household is receiving Lifeline services.

19 Q14: THERE SEEMS TO BE SOME CONFUSION REGARDING THE EXACT NATURE
20 OF VIRGIN MOBILE'S ETC REQUEST. IS THE COMPANY SEEKING TO
21 ACCESS STATE USF FUNDS IN THIS PROCEEDING?

22 A: No. Virgin Mobile's request does not seek authority to access state USF funds.

1 Q15: WOULD THE COMPANY REQUEST COMMISSION AUTHORITY IF IT WERE TO
2 SEEK STATE USF FUNDS FOR ITS LIFELINE SERVICES IN THE FUTURE?

3 A: Yes.

4 Q16: WOULD THE COMPANY AGREE TO NOTIFY THE COMMISSION REGARDING
5 ANY SUBSEQUENT CHANGES TO ITS LIFELINE SERVICE OFFERING?

6 A: Yes.

7 Q17: DOES THIS CONCLUDE YOUR TESTIMONY?

8 A: Yes.

VERIFICATION

I, Elaine Divelbliss, do hereby declare under penalty of perjury, that the foregoing testimony is true and correct to the best of my knowledge and belief.

Executed on December 7, 2010



Elaine Divelbliss
Virgin Mobile USA