

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Virgin Mobile USA, L.P.)
)
)
Petition for Limited Designation as an)
Eligible Telecommunications Carrier)
)
)

Docket No. 18-2521-02

VIRGIN MOBILE USA, L.P.’s DIRECT TESTIMONY

Virgin Mobile USA, L.P. (“Virgin Mobile”) hereby submits its Direct Testimony with the Public Service Commission of Utah in the above captioned docket in support of Virgin Mobile’s Amended Petition to Amend its Designation as an Eligible Telecommunications Carrier to Receive Utah Universal Service Fund Support. Virgin Mobile’s Direct Testimony consists of the testimony of James A. Appleby.

Respectfully submitted this 7th day of June, 2018.

VIRGIN MOBILE USA, L.P.

/s/ Diane C. Browning

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1 **Introduction**

2 **Q. Please state your name, occupation and business address.**

3 A. My name is James A. Appleby. I am employed as a Senior Manager of Regulatory Policy
4 for Sprint/United Management Company representing the interests of Virgin Mobile USA,
5 L.P. (“Virgin Mobile”), a wholly-owned subsidiary of Sprint Corporation (“Sprint”). My
6 business address is 6450 Sprint Parkway, Overland Park, Kansas 66251.

7 **Q. Please summarize your educational background and business experience.**

8 A. I graduated from Shippensburg University in 1986 with a Bachelor of Science degree in
9 accounting. I became a Certified Public Accountant in the state of Pennsylvania in 1989. I
10 have been employed by Sprint since 1989. My current title is Regulatory Policy Manager for
11 Sprint. In this position, I am responsible for establishing and advocating state and federal
12 regulatory policy and legislative policy for all divisions of Sprint. In my 29 years in the
13 telecommunications industry, I have worked in policy for 23 of those years. I have testified
14 in support of my company dozens of times.

15 **Summary of Direct Testimony**

16 **Q. Please summarize your direct testimony.**

17 A. Lifeline service is an essential service for low-income customers throughout Utah. Virgin
18 Mobile has operated as a facilities-based Eligible Telecommunications Carrier (“ETC”) in
19 Utah, in good standing, since 2011. Virgin Mobile seeks to amend its ETC designation in
20 Utah to include authorization to receive support from the Utah Universal Public
21 Telecommunications Service Support Fund (“UUSF”) pursuant to Utah Code § 54-8b-15
22 (2017) and Utah Administrative Code R746-8-403, in the same wire centers as were
23 originally included in Virgin Mobile’s earlier ETC application. This additional support from

1 UUSF will permit Virgin Mobile to enhance its Lifeline service offering for the benefit of
2 Utah Lifeline customers and improve competition for wireless Lifeline service. Thus,
3 granting Virgin Mobile’s Petition to amend its ETC designation is in the public interest.
4 Virgin Mobile satisfies the requirements of Utah Code § 54-8b-15 and Utah Administrative
5 Code R746-8-403 necessary for designation as an ETC eligible to participate in the UUSF.
6 Accordingly, Virgin Mobile’s Petition should be approved.

7 **Virgin Mobile and its Lifeline Business in Utah**

8 **Q. What is Virgin Mobile?**

9 A. Virgin Mobile is a wholly owned subsidiary of Sprint Corporation. Virgin Mobile is a
10 facilities-based commercial mobile radio service provider designated as a wireless ETC in
11 Utah, 40 other states and the District of Columbia.

12 **Q. Under what brand name does Virgin Mobile offer its Lifeline service?**

13 A. Virgin Mobile offers Lifeline service under the brand “Assurance Wireless Brought To You
14 By Virgin Mobile.”

15 **Q. Is Virgin Mobile designated as a wireless ETC in Utah?**

16 A. Yes. Virgin Mobile has operated as a facilities-based ETC in Utah, in good standing, since
17 May 25, 2011,¹ receiving federal Universal Service Fund Lifeline support for each customer
18 served. The Commission, in its Order of May 25, 2011, did not authorize Virgin Mobile to
19 receive state USF support, and stated that “[a]ny such support will require separate
20 Commission authorization.”²

21 **Q. Does Virgin Mobile receive state support for Lifeline service in other states?**

¹ On May 25, 2011, in Docket No. 10-2521-01, the Public Service Commission of Utah (“Commission”) designated Virgin Mobile as a wireless ETC, pursuant to 47 U.S.C. § 214(e)(2) (“Original ETC Designation”).

² See Original ETC Designation at Ordering Paragraph 4.

1 A. Yes. Virgin Mobile receives or is eligible to receive support from the California Lifeline
2 Program, the Oregon Telephone Assistance Program, the Idaho Telecommunications Service
3 Assistance Program, the Texas Lifeline Program, and the Wisconsin Lifeline Program.

4 **Virgin Mobile’s Petition to Amend its ETC Designation to Receive UUSF Support**

5 **Q. Did Virgin Mobile file a petition to amend its ETC designation to receive UUSF**
6 **support?**

7 A. Yes. The Petition of Virgin Mobile to Amend its Designation as an Eligible
8 Telecommunications Carrier to Receive Utah Universal Service Support (“Petition”) was
9 filed on March 16, 2018, and Virgin Mobile filed an Amended Petition on June 7, 2018.

10 **Q. Why did Virgin Mobile file its Petition?**

11 A. Receiving additional support from the UUSF will enable Virgin Mobile to enhance its
12 Lifeline offer in Utah, which will allow Lifeline customers to enjoy the benefits of more
13 robust wireless service. In addition, enhancing its existing service plan offer in Utah will
14 enable Virgin Mobile to be a more effective competitor in the Lifeline market by offering
15 service that is more attractive to customers.

16 **Q. In its Petition, did Virgin Mobile ask to change the area it is designated as an ETC?**

17 A. No. Virgin Mobile will continue as a wireless ETC in the same wire centers in Utah.

18 **Q. If Virgin Mobile’s Petition is granted, will its Lifeline service offer in Utah change?**

19 A. Yes. Virgin Mobile will supplement the service plan offering to comply with the Lifeline
20 Support obligations under Utah Administrative Code R746-8-403 for customers with
21 Android smartphones.

22 **Q. Will Virgin Mobile’s Lifeline service offer change for feature phone customers?**

1 A. No. Currently Virgin Mobile’s Lifeline customers with feature phones receive 750 anytime
2 voice minutes per month and unlimited free texts, but no data service. These customers will
3 continue to receive the same voice-only service plan. Virgin Mobile will not seek the UUSF
4 subsidy for these customers.

5 **Q. Please explain the difference between “feature phones” and Android smartphones.**

6 A. Virgin Mobile’s “feature phones” are fully functional phones that support wireless voice calls
7 and text messages, as well as basic internet access via a web browser. Feature phones do not
8 have touch screen capabilities and the operating system does not permit downloading of
9 additional applications or games. Android smartphones have internet access capabilities that
10 meet or exceed the Federal Communications Commission’s minimum standards for mobile
11 broadband service³ and other characteristics including touch screens, and run on the Android
12 operating system which allows users to download additional Android-compatible
13 applications and games.

14 **Q. What is Virgin Mobile’s policy regarding replacement or upgrade of a feature phone?**

15 A. Feature phone customers are eligible to replace or upgrade to an Android smartphone at no
16 cost or at a nominal cost. If a feature phone customer reports his or her phone as lost, stolen,
17 or broken, and the customer has not received a replacement device within the prior 12
18 months, the customer will receive an Android device and only pay \$5 in shipping, with no
19 additional cost for the device. If a feature phone customer requests a discretionary upgrade,
20 the customer can purchase an Android smartphone for only \$25, representing a significant
21 discount from retail value.

³ 47 C.F.R. § 54.408(b)(2)(i) states that “[t]he minimum service standard for mobile broadband speed will be 3G.”
47 C.F.R. § 54.408(b)(2)(ii) contains the minimum service standard for mobile broadband data usage allowance.

1 **Q. Will the service plan change for feature phone customers who replace or upgrade to an**
2 **Android smartphone?**

3 A. Yes. Feature phone customers who replace or upgrade their devices to Android smartphones
4 will automatically be migrated to the service plan applicable to Android smartphone
5 customers, as described below. Upon migration, Virgin Mobile will seek the UUSF subsidy
6 for these customers.

7 **Q. How will Virgin Mobile's Lifeline service offer change for Android phone customers?**

8 A. Currently Virgin Mobile's Lifeline customers with Android phones receive 350 anytime
9 voice minutes per month, unlimited texts, and 1 GB of free data service. If the Petition is
10 granted, Virgin Mobile will enhance the Lifeline offer for Android phone customers by
11 increasing the current level of anytime voice minutes to 750 per month. These customers
12 will continue to receive 1 GB of free data service.

13 **Q. Will all existing customers with Android smartphones automatically receive the**
14 **enhanced service offering?**

15 A. Yes. Virgin Mobile will upgrade all existing Android smartphone customers to the enhanced
16 service offering effective upon approval of the Petition. As discussed above, feature phone
17 customers will remain on the existing voice-only plan unless or until they replace or upgrade
18 their devices and are migrated to the bundled service plan for Android smartphone
19 customers.

20 **Q. Are there other important components that will continue to be part of the service plan**
21 **offers?**

22 A. Yes. New customers will receive a free Android smartphone. All customers will receive
23 service on a month-to-month basis without subscribing to a long-term contract or incurring

1 activation charges or connection fees. The enhanced offers will continue to include all
2 applicable taxes and fees. Customers can use their anytime voice minutes to place calls
3 nationwide. Customers will continue to receive voicemail, caller I.D., and call waiting
4 services at no additional charge. Finally, customers will continue to receive uninterrupted
5 access to 911 emergency and customer care services even if their monthly minutes are
6 depleted.

7 **Q. If the proposed amendment to Utah Administrative Code R746-8-403 becomes effective**
8 **as proposed,⁴ would this have an impact on Virgin Mobile’s Lifeline service?**

9 A. Virgin Mobile is aware of the proposed amendment to Utah Administrative Code R476-8-
10 403. The proposed amendment would allow a Lifeline provider to omit the remittance of
11 UUSF surcharge (currently \$.036) attributable to customers for whom the provider receives a
12 subsidy from the federal Lifeline program. The proposed amendment would also deduct
13 such omitted surcharges from the UUSF support paid to the Lifeline provider, so as to offset
14 the omitted surcharges against the Lifeline provider’s receipt of UUSF support. Assuming
15 the Petition is approved and the Commission determines that Virgin Mobile is eligible to
16 receive a UUSF subsidy of \$3.50 per Lifeline customer (the maximum amount permitted
17 under R476-8-403(2)(a)), the proposed amendment discussed above, if it becomes effective,
18 would not impact Virgin Mobile’s provision of Lifeline service or the terms of the enhanced
19 service plan offers previously described.

20 **Virgin Mobile Satisfies the Requirements to Participate in the UUSF Program**

21 **Q. Does Virgin Mobile satisfy the requirements of Utah Code § 54-8b-15, Utah**
22 **Administrative Code R746-8-403 and 47 C.F.R. § 54.408?**

⁴ See Notice of Proposed Rule Amendment to R746-8-403, Utah State Bulletin, Publication Date May 15, 2018, Bulletin Issue No. 2018-10 at p. 118-123.

1 A. Yes. As discussed above, our enhanced service offer will include at least 750 anytime voice
2 minutes per month, unlimited texts, and 1 GB of data service as required.

3 **Q. The federal minimum service standards for Lifeline service offerings will change**
4 **annually. Will Virgin Mobile continue to enhance its Lifeline service plans to conform**
5 **to the minimum standards established by the Federal Communications Commission?**

6 A. Yes. The minimum service standards for mobile broadband data usage will increase to 2 GB
7 per month effective December 1, 2018,⁵ and will be updated annually beginning December 1,
8 2019.⁶ In addition, the minimum service standards for mobile voice service will increase to
9 1,000 minutes on and after December 1, 2018.⁷ Virgin Mobile will continue to meet the
10 federal minimum service standards as they are updated going forward.

11 **Q. Does this conclude your direct testimony?**

12 A. Yes.

⁵ 47 C.F.R. § 54.408(b)(2)(ii).

⁶ 47 C.F.R. § 54.408(c)(2).

⁷ 47 C.F.R. § 54.408(b)(3)(iii).

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the filing was served by electronic mail the 7th day of June, 2018, on the following:

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