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April 2, 2012

**VIA ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street  
Washington, D.C. 20554

Re: i-wireless, LLC  
Comments in Response to the Commission's FNPRM Regarding Lifeline and  
LinkUp Reform and Modernization  
WC Docket Nos. 11-42, 03-109, 12-23 & CC Docket No. 96-45

Dear Ms. Dortch:

Attached please find the Comments of i-wireless, LLC 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.

If you have any questions or if I may provide you with additional information, please do not hesitate to contact me. Thank you for your assistance.

Respectfully submitted,

/s/ LANCE STEINHART

Lance J.M. Steinhart  
Attorney for i-wireless, LLC

Attachments

cc: Paul McAleese

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**Before the  
Federal Communications Commission  
Washington, DC 20554**

In the Matter of	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Advancing Broadband Availability Through Digital Literacy Training	)	WC Docket No. 12-23
	)	

**COMMENTS OF I-WIRELESS, LLC IN RESPONSE TO THE COMMISSION'S  
FURTHER NOTICE OF PROPOSED RULEMAKING REGARDING LIFELINE AND  
LINK UP REFORM AND MODERNIZATION**

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**COMMENTS OF I-WIRELESS, LLC IN RESPONSE TO THE COMMISSION’S  
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LINK UP REFORM AND MODERNIZATION**

**I. INTRODUCTION**

i-wireless, LLC (“i-wireless” or “the Company”), by its attorney, hereby submits these comments in response to the Further Notice of Proposed Rulemaking (“FNPRM”) of the Federal Communications Commission (“FCC” or “Commission”) regarding Lifeline and Link Up Reform and Modernization.<sup>1</sup> In its *Lifeline and Link Up Reform Order*, the Commission invited comment on a number of issues related to the Lifeline program, including establishing an eligibility database, advancing broadband availability through digital literacy training, limiting section 251 resale of Lifeline-supported services, establishing a permanent support amount for voice service support, reforming Lifeline and Link Up support on Tribal lands, adding Women, Infants and Children (“WIC”) to the list of qualifying programs for Lifeline, establishing eligibility for homeless

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<sup>1</sup> *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 No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (“*Lifeline and Link Up Reform Order*”).

veterans, determining whether ETCs should be required to apply the Lifeline discount on all of their voice and data packages, examining whether the Commission should further clarify the “own facilities” requirement, determining whether ILECs should have the ability to opt out of the Lifeline program as well as whether the record retention requirement should be lengthened from three years to ten years.<sup>2</sup>

Accordingly, i-wireless submits its comments in regard to establishing an eligibility database, advancing broadband availability, establishing a permanent support amount for voice service support, adding WIC to the list of qualifying programs for Lifeline, establishing eligibility for homeless veterans, determining whether ETCs should be required to apply the Lifeline discount on all of their voice and data packages, and whether the record retention requirement should be lengthened.

## **II. BACKGROUND**

### **A. Lifeline and Link Up Reform Order**

In the *Lifeline and Link Up Reform Order*, the Commission reforms and modernizes the USF Lifeline program by adopting reforms that strengthen protections against waste, fraud, and abuse, improve program administration and accountability, improve enrollment and consumer disclosures, initiate modernization of the broadband program, and constrain the growth of the program to reduce the burden of those who contribute to the USF.<sup>3</sup> The three performance goals outlined for the Lifeline program are to ensure the availability of voice service for low-income Americans, ensure the availability of broadband service for low-income Americans, and

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<sup>2</sup> *Lifeline and Link Up Reform and Modernization, Advancing Broadband Availability Through Digital Literacy Training*, 77 Federal Register 42 (March 2, 2012), p. 12784 (“*Lifeline and Link Up Reform Summary*”).

<sup>3</sup> *Id* at 12785 ¶ 1.

minimize contribution burden on consumers and businesses.<sup>4</sup> Among the Commission's adopted reforms include: eliminating Link Up support in non-Tribal areas; phasing out toll service support; granting blanket forbearance for Lifeline-only ETCs with approved compliance plans; enhancing the role of databases for duplicates and enrollment; requiring de-enrollment under several situations, including non-usage; changing the reimbursement process; and increasing audits and enforcement. Most notable to the Company, the *Lifeline and Link Up Reform Order* establishes an interim base of uniform support amount of \$9.25 per month for non-Tribal subscribers to simplify program administration.<sup>5</sup>

The Commission's proposed reforms of note include: establishing a fully automated means for verifying Lifeline eligibility from governmental data sources that would improve the accuracy of eligibility determinations and ensure that only eligible consumers receive Lifeline benefits;<sup>6</sup> a pilot broadband program established to analyze the effectiveness of using Lifeline funds to make broadband more affordable;<sup>7</sup> including WIC as a qualifying Lifeline program;<sup>8</sup> establishing homeless veteran eligibility;<sup>9</sup> mandating application of Lifeline discounts to bundled service offerings;<sup>10</sup> and requiring Lifeline documentation records be retained for ten years.<sup>11</sup>

## **B. Company Overview**

i-wireless is a North Carolina Limited Liability Company with principal offices located at 1 Levee Way, Suite 3104, Newport, Kentucky 41071.<sup>12</sup> i-wireless provides prepaid wireless

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<sup>4</sup> *Id* at 12953 ¶ 5.

<sup>5</sup> *Id* at 12786 ¶ 4.

<sup>6</sup> *Id* at 12786 ¶ 5.

<sup>7</sup> *Id* at 12955 ¶ 26.

<sup>8</sup> *Id* at 12786 ¶ 10.

<sup>9</sup> *Id* at 12786 ¶ 11.

<sup>10</sup> *Id* at 12786 ¶ 12.

<sup>11</sup> *Id* at 12787 ¶ 15.

<sup>12</sup> i-wireless was organized in the State of North Carolina on September 7, 2006.

telecommunications services to consumers by using the Sprint Spectrum L.P. (“Sprint”) network on a wholesale basis. Pursuant to an existing agreement, i-wireless obtains from Sprint the network infrastructure, including wireless transmission facilities, to allow i-wireless to operate as a Mobile Virtual Network Operator (“MVNO”). i-wireless purchases services from Sprint on a wholesale basis for mobile calling and text messaging, packages those services into i-wireless’ own service plans and pricing, and bundles those wireless services with i-wireless’ handset selection, mobile applications, marketing materials, web interface, and customer service to produce finished wireless service offerings to sell to end-user customers.

The Commission approved i-wireless’ Revised Compliance Plan and granted the Company forbearance from the “own facilities” requirement on October 21, 2011.<sup>13</sup> i-wireless has been designated as an ETC in Arkansas, Arizona, Colorado, Georgia, Indiana, Illinois, Kentucky, Louisiana, Maryland, Michigan, Missouri, Nevada, Ohio, South Carolina, Utah, and West Virginia. In its provision of Lifeline services across these states, the Company furthers the goals of the Commission’s Lifeline program bringing affordable, yet quality, wireless service to low-income Americans.

### **III. COMMENTS OF I-WIRELESS, LLC**

With the objective of continuing to provide quality service and furthering the goals of the Lifeline program, i-wireless submits the following:

#### **A. Eligibility Database**

While i-wireless agrees with the Commission that a fully automated means for verifying eligibility would improve the accuracy of eligibility determinations, mandating a non-electronic

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<sup>13</sup> *In the Matter of Federal-State Joint Board on Universal Service, Telecommunications Carriers Eligible for Universal Service Support, i-wireless, LLC Petition for Forbearance from 47 U.S.C. § 214(e)(1)(A)*, CC Docket No. 95-45, WC Docket No. 09-197, Order, DA 11-1763 (rel. Oct. 21, 2011) (“*i-wireless Order*”).

means of checking program eligibility by a third-party administrator, including on a nationwide basis, would hinder i-wireless' and other carriers' ability to continue to provide quality affordable wireless service. The cost and time burdens of adding a third-party administrator to establish eligibility at this point will only delay electronic implementation. i-wireless and other ETCs will have to materially change their processes to comply with this new requirement. i-wireless has and continues to establish Lifeline eligibility based on procedures outlined in its Revised Compliance Plan, approved by the Commission.

Once the national database is in place, i-wireless would welcome a third-party administrator to verify income eligibility in order to relieve carriers from the burden of making income determinations. However, in the interim, implementation of a third-party administrator to the eligibility process would only serve to slow down the process and create higher costs and inefficiencies affecting carriers and subscribers alike.

#### **B. Advancing Broadband Availability through Digital Literacy Training**

i-wireless supports the use of USF to enhance digital literacy among low-income Americans. Savings generated by the adopted reforms in the Commission's *Lifeline and Link Up Reform Order* should be used to support formal digital literacy training for consumers across the United States; however, these funds should not be at the expense of the USF's voice service support. Voice service support should not be reduced to accommodate advancing broadband availability as low-income Americans still depend on wireless service to communicate with family, friends, and prospective employers regardless of their digital literacy. i-wireless proposes an increased subsidy that could be applied to mixed voice and data/broadband service offerings. Such increased subsidy would not only continue to support much-needed voice service for low-income Americans, but also begin advancing broadband availability and digital literacy within that consumer group.

### C. Lifeline Support Amount for Voice Service

The Commission has set a flat-rate of reimbursement representing the nationwide average rate of reimbursement as of September 2011 - \$9.25.<sup>14</sup> i-wireless supports the use of a flat-rate of reimbursement as it increases carriers' efficiency operating across numerous states. However, upon review, i-wireless believes the rate of \$9.25 does not accurately account for the overall costs to support the program, especially in light of the new requirements placed on carriers with the recent adoption of the Commission's *Lifeline and Link Up Reform Order*. For example, the FCC requires ETCs to carry additional cost burdens to support Lifeline customers during periods of suspension as outlined in the 60 to 90 day non-usage period; this significantly contributes to the cost burden without offsetting revenue. As mentioned above, the addition of a third-party administrator to check eligibility would place another additional, and unnecessary, cost burden on carriers, and ultimately on the Lifeline program. Requiring longer retention of Lifeline documentation records imposes yet another cost burden affecting carriers' ability to continue to provide quality affordable service. All of these measures significantly contribute to the cost burden without offsetting revenue.

i-wireless believes that the methodology used to set the \$9.25 rate as outlined in the FNPRM does not account for population density and provides an inaccurate weighted average. In setting the national average, the FCC should consider the number of eligible participants in each state and set the national rate based on the weighted average of the current Tier 1, 2 & 3 rates provided per state. Using the population counts from the 2010 census and assuming that this directly correlates to the distribution of program eligible base, the national rate should be set at \$9.63 (See Exhibit A). Using proprietary data, which projects the number of

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<sup>14</sup> *Lifeline and Link Up Reform Summary* at 12953 ¶ 7.



program eligible participants at 35 million, and using a weighted average distribution method, the appropriate rate calculates to be \$9.63, not \$9.25. Regardless of methodology, accounting for population density against the current federal rate indicates the justification for a rate higher than \$9.25.

i-wireless believes the flat-rate of \$9.25 should be the absolute bare minimum. Setting a permanent \$9.25 rate will eventually diminish the value of the benefit to the Lifeline customer over time as both the market and consumer needs change. Setting a higher subsidy allows for flexibility to change rate plans to meet evolving consumer needs. The value of a \$9.25 subsidy to the end customer rapidly diminishes as cost burdens on the carrier increase. Setting a higher subsidy now means a less rapidly diminishing value to the Lifeline consumer (i.e. postponing the need to charge consumers for phone handsets). Moreover, a higher subsidy would allow carriers to provide greater benefit to consumers because the subsidy is passed on 100% to the consumer.

In any case, whatever the FCC elects as the optimal level of Lifeline discount, such rate should be set for a minimum number of years to afford carriers the ability to outline business plans and plan for future growth. The rate should not be variable and if, or when, the rate is changed in the future, ETCs should be afforded ample time for transition. While i-wireless understands the FCC's need for data to determine the optimal level of Lifeline discount, ETCs should not be required to submit the data as part of the reimbursement process. This adds yet another additional cost burden without offsetting revenue. Additional cost burdens require higher Lifeline support. The reporting is burdensome and costly and at this point would only serve to detract from the value the end Lifeline customer receives.

**D. Adding WIC to Qualifying Lifeline Programs and Establishing Eligibility for Homeless Veterans**

i-wireless supports including WIC as a program conferring Lifeline eligibility upon its participants. The Company is also in support of establishing eligibility for homeless veterans;

however, i-wireless notes that proof of eligibility for this type of consumer may be an obstacle. The Company would want the ability to confirm such consumers' eligibility via the national database; however, said database is being established on household physical address data and information. Regardless, i-wireless still believes the addition of WIC and homeless veterans as Lifeline eligible participants will undoubtedly further the goal of ensuring availability of voice service for all low-income Americans.

**E. Application of Lifeline Discount to All Bundled Service Offerings**

i-wireless supports application of Lifeline discounts to voice and data packages; however, the Company does not support mandating such application. The Commission's rules should be a guide that allows for flexibility as the market, and specifically technology and usage behaviors change. Technology and consumer demand often evolve much faster than the promulgation of federal regulation. i-wireless will allow customers to apply discounts against the Company's full offering of services to provide the best fit of communications services to the customers' needs; however, competition in the market is more than capable of dictating which service offerings most benefit and best suit the needs of Lifeline customers.

**F. Record Retention Requirements**

The Commission should not extend the retention period for Lifeline documentation without taking into consideration the higher burden it places on carriers to keep all such documentation for ten years. Record retention is costly and as a cost burden affects the value of the service customers receive. If requirements change to mandate ten years of record retention, these costs go up more than threefold. Carriers cannot sustain such cost burdens without diminished value to the end customer. Higher cost burdens necessitate higher Lifeline subsidy support.

#### IV. CONCLUSION

For reasons stated in the comments above, i-wireless respectfully requests that the Commission reconsider the Lifeline support amount especially in consideration of the implementation of other reforms described above.

Respectfully submitted,

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*Attorney for i-wireless, LLC*

April 2, 2012

**EXHIBIT A**

**Population Density Weighted Average Value**

State	2010 US Population	Percentage of Population	Total Federal	Weighted Average Value
Alabama	4,780	2%	\$ 9.95	\$ 0.15
Alaska - non-Tribal	710	0%	\$ 10.00	\$ 0.02
Arizona	6,392	2%	\$ 9.57	\$ 0.20
Arkansas	2,916	1%	\$ 8.80	\$ 0.08
California	37,254	12%	\$ 10.00	\$ 1.19
Colorado	5,029	2%	\$ 9.96	\$ 0.16
Connecticut	3,574	1%	\$ 8.07	\$ 0.09
Delaware	898	0%	\$ 9.88	\$ 0.03
District of Columbia	602	0%	\$ 7.34	\$ 0.01
Florida	18,801	6%	\$ 9.95	\$ 0.60
Georgia	9,688	3%	\$ 9.95	\$ 0.31
Hawaii	1,360	0%	\$ 10.00	\$ 0.04
Idaho	1,568	1%	\$ 10.00	\$ 0.05
Illinois	12,831	4%	\$ 8.03	\$ 0.33
Indiana	6,484	2%	\$ 8.80	\$ 0.18
Iowa	3,046	1%	\$ 8.27	\$ 0.08
Kansas	2,853	1%	\$ 8.80	\$ 0.08
Kentucky	4,339	1%	\$ 9.95	\$ 0.14
Louisiana	4,533	1%	\$ 9.95	\$ 0.14
Maine	1,328	0%	\$ 9.66	\$ 0.04
Maryland	5,774	2%	\$ 9.11	\$ 0.17
Massachusetts	6,548	2%	\$ 9.89	\$ 0.21
Michigan	9,884	3%	\$ 8.84	\$ 0.28
Minnesota	5,304	2%	\$ 8.40	\$ 0.14
Mississippi	2,967	1%	\$ 9.95	\$ 0.09
Missouri	5,989	2%	\$ 8.80	\$ 0.17
Montana	989	0%	\$ 10.00	\$ 0.03
Nebraska	1,826	1%	\$ 8.22	\$ 0.05
Nevada	2,701	1%	\$ 8.45	\$ 0.07
New Hampshire	1,316	0%	\$ 9.66	\$ 0.04
New Jersey	8,792	3%	\$ 9.75	\$ 0.27
New Mexico	2,059	1%	\$ 10.00	\$ 0.07
New York	19,378	6%	\$ 10.00	\$ 0.62
North Carolina	9,535	3%	\$ 9.95	\$ 0.30
North Dakota	673	0%	\$ 10.00	\$ 0.02
Ohio	11,537	4%	\$ 8.92	\$ 0.33
Oklahoma	3,751	1%	\$ 32.63	\$ 0.39
Oregon	3,831	1%	\$ 9.97	\$ 0.12
Pennsylvania	12,702	4%	\$ 9.30	\$ 0.38
Puerto Rico	3,722	1%	\$ 10.00	\$ 0.12
Rhode Island	1,053	0%	\$ 9.89	\$ 0.03

South Carolina	4,625	1%	\$	9.95	\$	0.15
South Dakota	814	0%	\$	9.90	\$	0.03
Tennessee	6,346	2%	\$	9.95	\$	0.20
Texas	25,146	8%	\$	7.66	\$	0.62
Utah	2,764	1%	\$	9.78	\$	0.09
Vermont	626	0%	\$	9.89	\$	0.02
Virginia	8,001	3%	\$	9.54	\$	0.24
Washington	6,725	2%	\$	9.26	\$	0.20
West Virginia	1,853	1%	\$	10.00	\$	0.06
Wisconsin	5,687	2%	\$	8.59	\$	0.16
Wyoming	564	0%	\$	10.00	\$	0.02
<b>Total</b>	<b>312,468</b>			<b>\$</b>	<b>\$</b>	<b>9.63</b>