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Telephone: (502) 227-7270

JOHN N. HUGHES

*Attorney at Law*

Professional Service Corporation

124 West Todd Street

Frankfort, Kentucky 40601

Email: [jnhughes@johnnhughespspc.com](mailto:jnhughes@johnnhughespspc.com)

September 1, 2016

Ms. Talina Rose Mathews  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

**Re: Sprint Corporation, Virgin Mobile USA, L.P. (Assurance Wireless) and i-wireless, LLC Notification Regarding Their Proposed Wireless Lifeline Services Partnership and Related Transaction**

Dear Ms. Mathews:

Sprint Corporation (Sprint), Virgin Mobile USA, L.P. (Virgin Mobile), operating under the brand Assurance Wireless, and i-wireless, LLC (i-wireless or the Company and, together with Sprint and Virgin Mobile, the Parties), through the undersigned counsel, hereby notify the Kentucky Public Service Commission (Commission) that they have agreed to form a partnership dedicated to the provision of wireless Lifeline services. The venture will be launched with a transaction involving (i) the transfer of majority control of i-wireless to Sprint and (ii) the transfer of Assurance Wireless Lifeline customer accounts, currently served by Sprint's eligible telecommunications carrier (ETC) subsidiary, Virgin Mobile, to i-wireless, which is also an ETC designated by the Commission. The transaction will not result in any loss or impairment of basic Lifeline service for the transferred customers and, as explained below, serves the public interest of consumers in Kentucky.

**I. The Parties**

*i-wireless, LLC*

i-wireless is a limited liability company organized under the laws of North Carolina. Its principal place of business is 1 Levee Way, Suite 3104, Newport, KY 41071. i-wireless provides domestic and international commercial mobile radio service (CMRS) to customers in 43 states and the District of Columbia and holds international section 214 authority from the Federal Communications Commission (FCC). The Company has been designated as a wireless ETC in 39 states, including Kentucky, and the District of Columbia to provide Lifeline services to low-income consumers under the Access Wireless brand. The Commission designated i-wireless as a wireless ETC to provide Lifeline services on November 23, 2011 in Case No. 2010-00478. The Company currently serves approximately 13,423 Lifeline customers in Kentucky. i-wireless is jointly owned by Genie Global, Inc. (Genie), a Delaware corporation, and The Kroger Co. (Kroger) (NYSE: KR), one of the world's largest food retailers with operations in thirty-five states and the District of Columbia. A diagram showing the current corporate structure of i-wireless is provided as **Exhibit A**.

## *Sprint and Virgin Mobile*

Sprint (NYSE: S) is a Delaware corporation located at 6200 Sprint Parkway, Overland Park, KS 66251. Sprint is a communications services company that creates more and better ways to connect its customers to the things they care about most. Sprint served more than 58.8 million connections as of March 31, 2016 and is widely recognized for developing, engineering and deploying innovative technologies, including the first wireless 4G service from a national carrier in the United States; leading no-contract brands including Virgin Mobile USA, Boost Mobile, and Assurance Wireless; instant national and international push-to-talk capabilities; and a global Tier 1 Internet backbone.

Virgin Mobile is a Delaware limited partnership also located at 6200 Sprint Parkway, Overland Park, KS 66251. An indirect wholly-owned subsidiary of Sprint, Virgin Mobile provides wireless services throughout the United States using Sprint's network infrastructure and wireless transmission facilities. Virgin Mobile has been designated as an ETC in 41 states, including Kentucky, and the District of Columbia to provide wireless Lifeline services under the Assurance Wireless brand.<sup>1</sup> Virgin Mobile currently serves approximately 15,351 Lifeline customers in Kentucky.

Through intermediary entities, majority ownership of Sprint and Virgin Mobile is held by Softbank Group Corp., a Japanese kabushiki kaisha (corporation) and holding company that is publicly traded on the Tokyo Stock Exchange. A diagram showing the current corporate structure of Sprint is provided as **Exhibit B**.

## **II. Description of the Transaction**

On April 29, 2016, Sprint and i-wireless reached an agreement to combine their resources in a Lifeline wireless services partnership that can respond both competitively and proactively to the FCC's vision for a modernized Lifeline program.<sup>2</sup> The transaction consists of two central elements:

### *Transfer of Majority Interests in i-wireless to Sprint*

At closing, Sprint will acquire 70% of the indirect interests in i-wireless.<sup>3</sup> The remaining 30% interest in i-wireless will continue to be held in equal shares by Genie and Kroger, through a newly-formed intermediary holding company. The change in i-wireless' ownership will be largely imperceptible to current i-wireless customers; however, it will have immediate benefits for them. As discussed below, upon closing of the transaction and implementation of the partnership, which will occur on October 3, 2016 or as soon thereafter as all necessary regulatory

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<sup>1</sup> Virgin Mobile was designated as an ETC by the Commission to provide Lifeline services on June 10, 2011 in Case No. 2010-00524.

<sup>2</sup> See *Lifeline and Link Up Reform and Modernization; Telecommunications Carriers Eligible for Universal Service Support; Connect America Fund*, WC Docket Nos. 11-42, 09-197, 10-90, Third Report and Order, Further Report and Order, and Order on Reconsideration, FCC 16-38 (rel. Apr. 27, 2016) (Lifeline Modernization Order).

<sup>3</sup> The Parties have filed an application with the FCC in connection with the transfer of control of the i-wireless international section 214 authorization. A copy of the filing (File No. ITC-T/C-20160623-00174) may be accessed at <http://tinyurl.com/zc2c7vy>. The application was deemed approved on July 15, 2016. See *International Authorizations Granted Section 214 Applications (47 C.F.R. § 63.18); Section 310(b) Requests*, FCC Report No. Tel-01804, DA No. 16-827 (rel. July 21, 2016).

approvals are obtained, i-wireless will upgrade its Lifeline service offerings to match or exceed the (currently more generous) plans available to Assurance Wireless customers.

*Assignment of Assurance Wireless Customers to i-wireless*

In support of the proposed partnership, Virgin Mobile will assign the vast majority of its Assurance Wireless Lifeline customer base to i-wireless.<sup>4</sup> Post-close, i-wireless will operate as the provider for wireless local exchange, interexchange, international and broadband Lifeline services to these customers. Advance notice of the assignment will be provided to the Assurance Wireless customers. Sprint, Virgin Mobile and i-wireless will coordinate throughout the process to ensure a smooth transition. Attached to this letter as **Exhibit D** is the information that will be provided to Assurance Wireless customers, notifying them of the change of providers and providing contact information for any questions they may have. Following the assignment, these customers will receive competitive service offerings of minutes and texts that equal and, for the majority of customers, exceed the services they previously received from Assurance Wireless.<sup>5</sup> Moreover, because both Virgin Mobile and i-wireless rely upon the Sprint network for their services, all of these customers will continue to use the same handsets, have the same coverage area and enjoy the same reliability of service as they did previously.

*Lifeline Service Offerings Under the New Partnership*

The partnership of Sprint and i-wireless holds clear benefits for Lifeline customers. Following their transfer to i-wireless, Assurance Wireless customers will experience complete continuity of basic Lifeline service (except for the change in provider) with improved service offerings. i-wireless customers also will see an upgrade in their current service offering as the Parties harmonize their Lifeline offerings.

	Current Lifeline Plan	Following consummation of the transaction through Dec. 1, 2016*	Following effective date for Lifeline Modernization Order
Assurance Wireless customers	350 minutes + unlimited texts	750 minutes + unlimited texts + 50 MB data (Kentucky only) <sup>6</sup>	Plans at or exceeding the FCC's Lifeline minimum standards with a likely focus on broadband
Access Wireless customers	250 minutes + unlimited texts		

<sup>4</sup> Certain Assurance Wireless customers (a total of 680) reside outside the designated service area of i-wireless and, consequently, cannot be transferred. These customers will receive notice that their wireless service is being discontinued and that they need to transition to an alternative provider. A copy of this notice is provided as **Exhibit C**. Assurance Wireless will provide information regarding other ETCs providing service in Kentucky in order to assist these customers in making a smooth transition.

<sup>5</sup> The structure of i-wireless data “top-up” offerings will vary from those available through Virgin Mobile.

<sup>6</sup> In states other than Kentucky, California and Oregon, the Company’s new Lifeline plan will consist of 500 minutes + unlimited text + 50 MB data. In Kentucky, however, i-wireless participates in the Kentucky Universal Service Fund and receives additional reimbursement per customer. Provided the additional support continues to be available, i-wireless will provide Kentucky Lifeline customers with an enhanced base plan consisting of 750 minutes, unlimited texts and 50 MB data.

\* Or the date when the FCC's Lifeline Modernization Order minimum standards requirements become effective, whichever is later.

In order to effectuate this commitment, i-wireless intends to add a no-charge 750-minute + unlimited texts + 50 MB data Lifeline plan effective with the closing of the transaction. Transferred Assurance Wireless customers, currently receiving 350 minutes + unlimited texts, will be served pursuant to this new plan.<sup>7</sup> Within forty-five days of closing, customers of the i-wireless 250-minute Lifeline plan also will be migrated to the new 750-minute plan.<sup>8</sup> At the end of the forty-five-day period, with the migration of i-wireless customers completed, the 250-minute plan will be cancelled.<sup>9</sup>

In due course, i-wireless will file a notice of consummation with the Commission, confirming that the transaction has closed and the scheduled plan changes are in effect.

In the Lifeline Modernization Order, the FCC challenged providers to dramatically improve the content of Lifeline service offerings. Sprint and i-wireless intend to draw upon their full, combined, expertise and resources to respond. The "new" i-wireless will work with Sprint to enhance the Company's Lifeline service offerings to meet the FCC's new voice and broadband minimum service standards.

A diagram of the corporate structure of i-wireless and Sprint post-close is provided as **Exhibit E**.

### **III. Public Interest Statement**

The transaction described in this notice serves the public interest and, at the same time, holds no risk of harm to consumers or to effective market competition.

First, the proposed partnership will benefit consumers, particularly those who participate in the Lifeline program. Combining the resources and expertise of Sprint, a nationwide facilities-based wireless carrier, and i-wireless, an innovative and compliance-focused Lifeline service provider, will strengthen i-wireless as a wireless carrier. Going forward, i-wireless will be positioned to compete effectively in the evolving Lifeline market, which needs robust and innovative service providers. This collaboration will strengthen the Company's ability to offer competitive wireless service plans to its customers, both Lifeline and non-Lifeline.

As detailed above, the transaction will have immediate benefits for i-wireless Lifeline customers, who will see an upgrade to their Lifeline service offerings. Transferred Assurance Wireless customers also will enjoy the same high-quality basic Lifeline services as they did prior

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<sup>7</sup> Certain Assurance Wireless customers pay for plans with additional minutes, text and data. These customers will be transitioned to the 750-minute plan described above, with the opportunity to purchase comparable i-wireless "top-up" services to enhance their plans.

<sup>8</sup> This transition is necessary because i-wireless customers have their minutes loaded at different days during the month based on their service initiation date.

<sup>9</sup> In certain states, i-wireless still has a small number of Lifeline customers being served pursuant to a grandfathered 150-minute-with-rollover plan. Within 45 days of closing, these customers also will be migrated to the new base 750-minute plan.

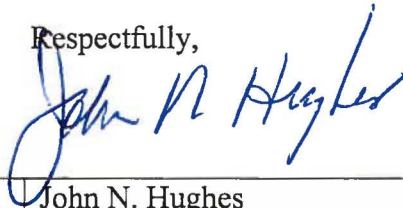
to the transaction, with most receiving increased minutes, texts and/or data.<sup>10</sup> Within the next year, both customer groups will reap the benefits of this collaborative venture as the partnership responds to the FCC's demand for upgraded Lifeline plans that include substantial amounts of data as well as increased voice minutes.

At the same time, the transaction will have no adverse effects on the transferred customers. As described above, current i-wireless customers and transferred Assurance Wireless customers will each continue to receive the same caliber of basic Lifeline service as they did previously.

#### IV. Conclusion

For the reasons discussed herein, the Parties submit that the proposed partnership will serve the public interest, convenience and necessity. Should the Commission have any questions regarding the transaction, please do not hesitate to contact the representatives for the Parties identified below.

Respectfully,



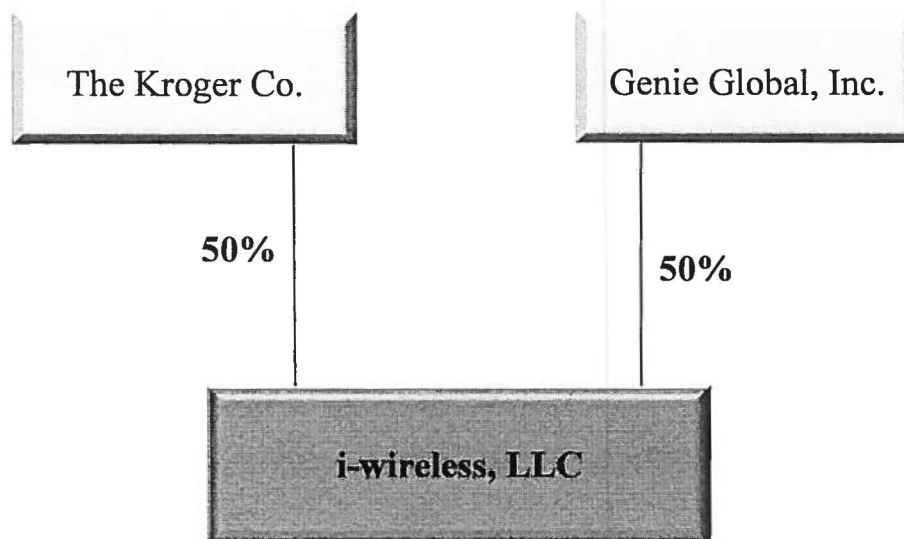
<p>John Heitmann Joshua Guyan Kelley Drye &amp; Warren LLP 3050 K Street, NW, Suite 400 Washington, DC 20007 (202) 342-8566 <a href="mailto:jguyan@kelleydrye.com">jguyan@kelleydrye.com</a> <i>Counsel for i-wireless, LLC</i></p>	<p>John N. Hughes 124 W. Todd Street Frankfort, KY 40601 <a href="mailto:jnhughes@johnhughespsc.com">jnhughes@johnhughespsc.com</a> <i>counsel for Sprint and Virgin Mobile</i></p>
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<sup>10</sup> As noted above, these customers are being given advance notice of the transaction, which provides them with opportunity to inquire more specifically regarding the changes and/or to make alternative plans should they prefer to select another carrier.

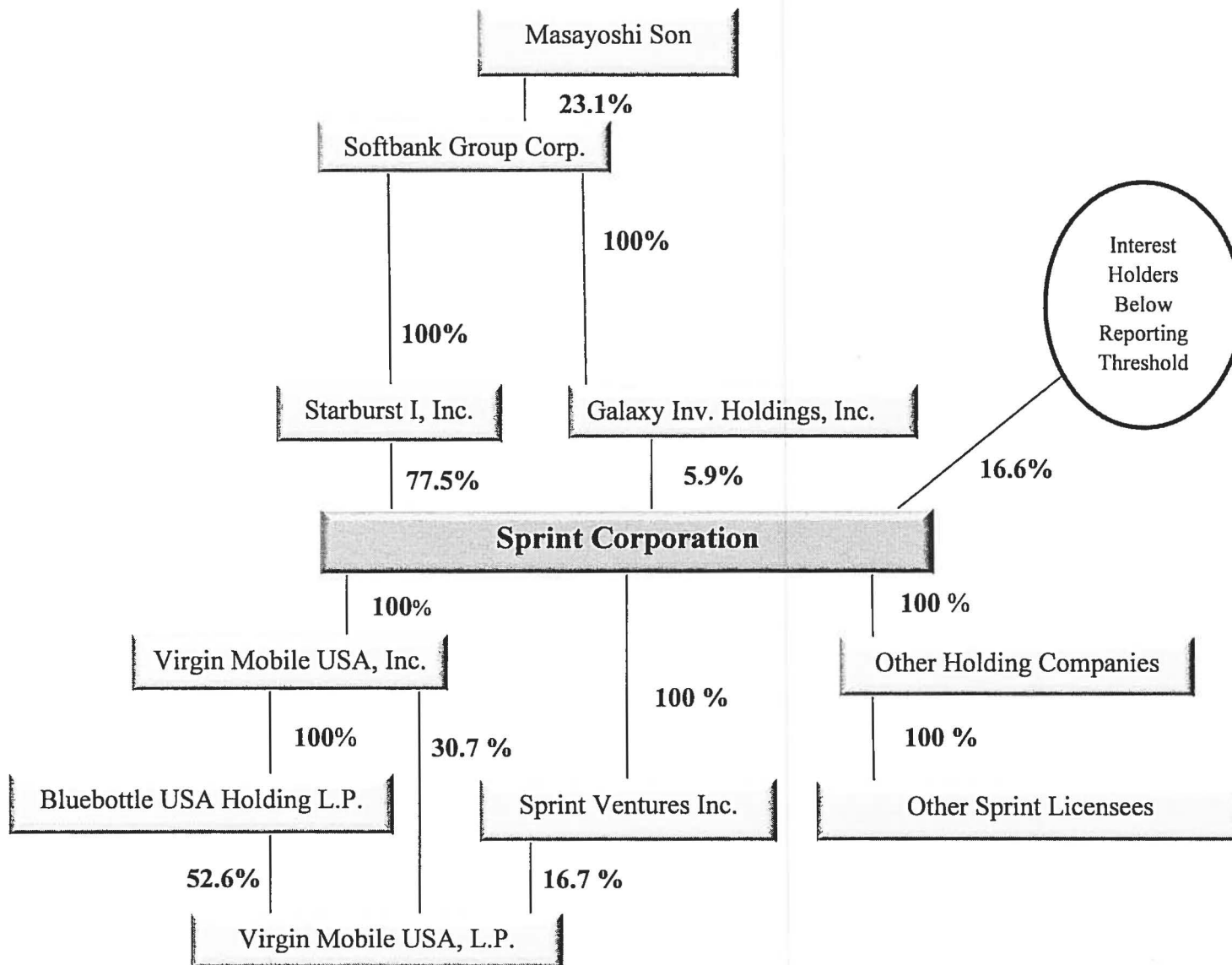
**LIST OF EXHIBITS**

<b>EXHIBIT A</b>	<b>Pre-close i-wireless Corporate Structure</b>
<b>EXHIBIT B</b>	<b>Pre-close Sprint Corporate Structure</b>
<b>EXHIBIT C</b>	<b>Notice Provided to Assurance Wireless Customers Regarding Discontinuance of Service</b>
<b>EXHIBIT D</b>	<b>Transfer Information Provided to Assurance Wireless Customers</b>
<b>EXHIBIT E</b>	<b>Post-close Sprint and i-wireless Corporate Structure</b>

**Exhibit A**  
i-wireless Current Ownership Structure



**Exhibit B**  
Sprint Current Ownership Structure







PO Box 618  
Charleston, IL 61920-9807

<NAME>  
<ADDRESS1>  
<ADDRESS2>  
<CITY, ST ZIP>

Re: <PTN>

[DATE]

IMPORTANT NOTICE: YOUR WIRELESS LIFELINE TELECOMMUNICATIONS SERVICE WILL BE DISCONTINUED.

Dear <NAME>,

Sprint and its Virgin Mobile subsidiary have entered into a partnership to merge the Lifeline operations of Assurance Wireless and Access Wireless, a major provider of wireless services to Lifeline customers in 39 states and the District of Columbia.

**As of November 1, 2016, or after the necessary regulatory approvals are obtained, Assurance Wireless will no longer provide service in your area.**

If you want to continue to receive Lifeline service, you will need to pick a new Lifeline provider.

To find a Lifeline provider in your area:

- Visit [lifelinesupport.org](http://lifelinesupport.org)
- Click on "Companies Near Me"

Assurance Wireless has appreciated serving you.

Sincerely,

Assurance Wireless

## Exhibit D

### Notice to Assurance Wireless Customers

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Industry consensus and the Parties' own experience is that notice to prepaid wireless Lifeline customers is most effectively achieved through electronic means rather than by U.S. mail. These customers tend to be transitory, often moving without promptly updating their addresses. As a result, mailed letters frequently do not reach them. Moreover, wireless Lifeline customers commonly indicate that they prefer to be contacted by text (or email if available) and are more responsive to such contacts (e.g., in the context of annual recertification). Ongoing communications between the Parties and their wireless Lifeline customers, whether for day-to-day customer service inquiries or completion of required Lifeline procedures (e.g., recertification) typically occur via text and/or phone call. For these reasons, the Parties intend to send notice to the affected Assurance Wireless customers via SMS (text) messages that will alert them of the upcoming change to their service and, depending on each subscriber's Lifeline handset (smartphone or feature phone) either direct them to

- (i) call a dedicated toll-free number provided via SMS message to hear an Interactive Voice Response (IVR) message about the proposed transfer (with an option to reach a live representative with any questions); or
- (ii) click a web link, which will re-direct them to a (free-rated) website landing page for more information about the change in service.

As is evident from the attached samples, the IVR message and website landing page will provide Assurance Wireless customers with the same information that would be included in a mailed letter. Equally importantly, they will do so both more reliably and in a form that is more convenient for these customers.

**Address: [www.accesswireless.com/changeinprovider](http://www.accesswireless.com/changeinprovider)**

**WEB COPY**

**Change in Service Provider Notification**

Sprint and its Virgin Mobile subsidiary have entered into a partnership to merge the Lifeline operations of Assurance Wireless and Access Wireless, a major provider of wireless services to Lifeline customers in 39 states and the District of Columbia.

Beginning on or after October 3, 2016, and once regulatory approval is obtained, your Assurance Wireless Lifeline phone service will be provided by Access Wireless using the Sprint Nationwide Network. No action on your part is required to continue receiving Lifeline service.

You will continue to use your same phone and have the same telephone number.

Access Wireless will provide you with as many or more free minutes and texts as you currently receive. No fees will be applied in connection with the transfer of your service to Access Wireless. You will continue to receive basic Lifeline services that meet or exceed the services currently provided to you. Access Wireless will provide notice of any future changes to rates or terms and conditions of service, as required by law.

More information will be provided to you soon. Please visit Access Wireless online at [www.accesswireless.com/changeinprovider](http://www.accesswireless.com/changeinprovider). Data rates may apply. You may also contact Access Wireless Customer Care at 1-877-976-4541.

Access Wireless looks forward to serving you.

**IVR Script: Change in Service Provider Notification**

Hello. Please listen to this message as it contains important information regarding a change to your Assurance Wireless Lifeline phone service. Sprint and its Virgin Mobile subsidiary have entered into a partnership to merge the Lifeline operations of Assurance Wireless and Access Wireless, a major provider of wireless services to Lifeline customers in 39 states and the District of Columbia.

Beginning on or after October 3, 2016, and once regulatory approval is obtained, Access Wireless will provide your wireless Lifeline phone service using the Sprint Nationwide Network. No action on your part is required to continue receiving Lifeline service.

You will continue to use your same phone and have the same telephone number.

Access Wireless will provide you with as many or more free minutes and texts as you currently receive. No fees will be applied in connection with the transfer of your service to Access Wireless. You will continue to receive basic Lifeline services that meet or exceed the services currently provided to you. Access Wireless will provide notice of any future changes to rates or terms and conditions of service, as required by law.

More information will be provided to you soon. Please visit Access Wireless online at [www.accesswireless.com](http://www.accesswireless.com). You may also contact Access Wireless Customer Care at 1-877-976-4541.

To end this call, please hang up. Access Wireless looks forward to serving you.

**SMS Copy:**

ASWFreeMSG: Important notice about a change to your Lifeline service provider. Click for details: <http://msg4u.us/xxxxx> or call FREE **1-877-631-0858**

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**Content viewed when customer clicks link within SMS:**



To listen to this message please call FREE **1-877-631-0858** from this phone.

**Change in Service Provider Notification**

Sprint and its Virgin Mobile subsidiary have entered into a partnership to merge the Lifeline operations of Assurance Wireless and Access Wireless, a major provider of wireless services to Lifeline customers in 39 states and the District of Columbia.

Beginning on or after October 3, 2016, and once regulatory approval is obtained, your Assurance Wireless Lifeline phone service will be provided by Access Wireless using the Sprint Nationwide Network. No action on your part is required to continue receiving Lifeline service.

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More information will be provided to you soon. You may also contact Access Wireless Customer Care at 1-877-976-4541.

Access Wireless looks forward to serving you.

**Exhibit E**  
Sprint and i-wireless Ownership Structure Post-closing

