

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

In the Matter of

VIRGIN MOBILE USA, L.P.,

Petition for Limited Designation as an
Eligible Telecommunications Carrier

Docket No. UM 1522

STIPULATION

This Stipulation is entered into for the purpose of resolving all issues in this proceeding by and among the parties as set forth below.

PARTIES

1. The parties to this Stipulation (the “Stipulation”) are Virgin Mobile USA, L.P. (“Virgin Mobile”), Staff of the Public Utility Commission of Oregon (“Staff”), Citizens’ Utility Board of Oregon (“CUB”), and the Oregon Office of Emergency Management (“OEM”), representing all of the parties to the proceeding (together, the “Parties” and individually, a “Party”).

BACKGROUND

2. On February 1, 2011 Virgin Mobile filed its Petition for Limited Designation as an Eligible Telecommunications Carrier (“ETC”) with the Public Utility Commission of Oregon (the “Commission”). On October 25, 2011 Virgin Mobile filed a First Amended Application (“Amended Application”) for Designation as an ETC and Eligible Telecommunications Provider (“ETP”) for participation in the Commission’s Oregon Telephone Assistance Program (“OTAP”)¹. This filing also requested waivers of certain Residential Service Protection Fund

¹ This filing was entitled “First Amended Application for Designation as an Eligible Telecommunications Carrier and Eligible Telecommunications Provider and Request for Waivers of Certain RSPF Rules.”

Oregon Administrative Rules (“RSPF OARs”). On March 11, 2011, Administrative Law Judge Allan J. Arlow issued a Prehearing Conference Memorandum establishing a schedule. On April 8, 2011 Virgin Mobile filed direct testimony and exhibits in support of its initial Petition. On June 17, 2011 Judge Arlow granted Staff’s unopposed motion and suspended the schedule in this proceeding to allow the Parties to work with Virgin Mobile. Thereafter, the Parties filed status reports with Judge Arlow on September 15 and October 14, 2011. The Parties then worked with Virgin Mobile to resolve all unresolved issues. Virgin Mobile then drafted its Amended Application.

3. The Commission opened this docket to consider Virgin Mobile’s ETC Application. CUB intervened as of right, and the Commission granted OEM permission to intervene as a party, in this docket.

4. Staff, CUB and OEM have reviewed Virgin Mobile’s ETC Application, First Amended Application, ETP Application, the pre-filed testimony and exhibits of Virgin Mobile and additional information provided by Virgin Mobile in response to data requests issued by Staff and CUB.

5. The Parties held workshops/settlement conferences on April 14, June 15 and August 8, 2011 to address outstanding issues. The settlement conferences were open to all Parties to this docket. All outstanding issues were resolved and were addressed in the Amended Application. No Party opposes the Amended Application and the Parties are therefore entering into this Stipulation.

AGREEMENT AND CONDITIONS

6. The Parties agree that Virgin Mobile’s designation as an ETC and ETP in Oregon (under the Amended Application) with application of the following terms, conditions, and certain waivers, is in the public interest.

7. The Parties agree that Virgin Mobile meets all initial designation and annual recertification requirements established in Order No. 06-292 for ETC status, except as specified herein. Virgin Mobile’s ETC designation will be only for purposes of participation in the

Lifeline Program of the federal Universal Service Low-income Fund. Virgin Mobile will not be designated to receive support from the High-cost Fund, or from the Link Up portion of the federal Universal Service Low-income Fund.

8. The Parties agree that Virgin Mobile meets all ETP requirements specified in the RSPF OARs, with the exception of those for which waivers are requested herein.

9. The Parties agree that approval of Virgin Mobile's Amended Application is in the public interest subject to the additional requirements specified herein. By virtue of executing this Stipulation, Virgin Mobile agrees to abide by and perform all terms of this Stipulation with respect to Lifeline customers in Oregon.

10. Virgin Mobile's ETC and ETP designated service area will be comprised of the wire centers listed in Exhibit G of its Amended Application. Virgin Mobile represents that it has substantial if not complete coverage throughout each of these wire centers and is able to provide service to any requesting customers residing in these areas subject to 47 C.F.R. § 54.202(a)(1)(i).

11. Virgin Mobile does not request designation as an ETC or ETP on Tribal lands in Oregon. Any Tribal lands that lie within the areas of the wire centers listed in Exhibit G of its Amended Application are excluded from Virgin Mobile's designated service area.

1. ETC Requirements

12. Virgin Mobile has submitted to the Commission an accurate map identifying Virgin Mobile's ETC and ETP designated service area, which is consistent with the wire centers listed in Exhibit G of the Amended Application and complies with initial designation requirement 3.1.1 in Appendix A of Order No. 06-292. Virgin Mobile provides its prepaid wireless services throughout Oregon wherever its parent Sprint Nextel Corporation ("Sprint Nextel") has the facilities to provide CDMA wireless service. Sprint Nextel is authorized to provide wireless service throughout the whole state of Oregon by the FCC.

13. Virgin Mobile will meet all requirements of Order 06-292, except that Virgin Mobile cannot provide trouble reports required by Appendix A Recertification Requirement 6.2.1, which requires that the requested reports be broken down by wireless switch. Any network information from Sprint Nextel's four Oregon switches is aggregated for all Sprint Nextel customers and Virgin Mobile's Assurance Wireless. Furthermore, trouble report data cannot be separated out by switch. The Parties agree that Virgin Mobile may provide trouble reports from Sprint Nextel's four Oregon switches combined to meet this recertification requirement.

14. Sprint will provide to the Commission its annual outage report consistent with definitions and details in 47 C.F.R. § 54.209(a)(2) as required by Appendix A Recertification Requirement 5.2.1., on behalf of Virgin Mobile.

2. ETP Requirements

15. Virgin Mobile will meet all RSPF OARs related to ETP designation requirements with the exception of those for which the Parties have agreed to support waiver requests. The specific rules or rule subsections, the Parties agree the Commission should waive are those included in Exhibit I of the Amended Application. This Exhibit I has been revised to delete one rule (OAR 860-33-0035(2)) and to add one rule (OAR 860-033-0045(1)) and to reflect revisions to OAR 860-033-0006 made by Order 11-357, entered on September 20, 2011 in AR 557. The revised Exhibit I is attached to this Stipulation. The reasons supporting the request for waivers are set forth in the Amended Application and the Joint Testimony supporting this Stipulation. It is the Parties' position that the Commission is authorized to grant the waivers requested herein, for good cause shown, per Order No. 11-346, entered September 8, 2011 in AR 554.

16. Virgin Mobile's Lifeline services will be offered under the brand name "Assurance Wireless". Virgin Mobile agrees that it will pass through to its Lifeline customers as free wireless telephone service all funds received from the federal universal service fund in addition to \$3.50 per customer per month that Virgin Mobile provides. Virgin Mobile will

provide \$3.50 per Lifeline customer per month from its own funds to obtain Tier III matching support from the federal Universal Service Low-income Fund.

17. Virgin Mobile will remit the RSPF surcharge to the Commission for each of its Oregon customers on behalf of those customers but reserves the right to cease making the RSPF surcharge remittance should the law change to no longer require such remittance.

18. Each applicant for Lifeline service from Virgin Mobile will complete and submit the OTAP application to the Commission. Staff will revise the OTAP application so that it (1) allows for the applicant's name to be on the phone account, rather than the phone bill in cases where no bill is rendered and (2) does not require that the applicant currently have telephone service from its desired ETC, at the time of the application. Staff will perform the eligibility verification functions and report the results to Virgin Mobile in a reasonable period of time as is expected by the other ETPs.

19. The Assurance Wireless customer's service cycle begins when the customer programs the handset pursuant to activation directions and Virgin Mobile will request Lifeline support for that customer only at the time the customer's service cycle begins.

20. Virgin Mobile will implement in Oregon its "60-Day Non-Usage Policy" currently implemented by it in every state in which Virgin Mobile provides Lifeline-supported service as an ETC and as acknowledged by the FCC. The current policy is set forth in Exhibit H of the Amended Application.

21. Virgin Mobile will offer its Assurance Wireless Lifeline service of 250 voice minutes per month to eligible customers in Oregon at no charge to the customer. In addition, Virgin Mobile will offer its Lifeline customers two plan options for the purchase of blocks of additional services. Lifeline customers can add \$5 to their account to purchase an additional 250 monthly voice minutes, providing them with a total of 500 voice minutes in a month (250 free minutes plus 250 additional minutes) or Lifeline customers can add \$20 to their account to purchase an additional 750 voice minutes, providing them with a total of 1,000 voice minutes (250 free minutes plus 750 additional minutes). Customers choosing this second option will also

receive 1,000 monthly text messages. Finally, customers with money in their accounts who do not select either of the foregoing options can purchase additional minutes or text messages priced at \$0.10/minute and \$0.10/text message.

22. Customers may also purchase a Messaging Pack or Data Pack to augment the three voice-based plans discussed above at the following additional prices:

Messaging Pack	Data Pack
\$2.00 for 30 messages	\$5.00 for 5 MB
\$5.00 for 200 messages	\$10.00 for 20 MB
\$10.00 for 1,000 messages	\$20.00 for 50 MB
\$20.00 for unlimited messages	

Customers are not obligated to purchase these additional offerings or add money to their accounts, and all eligible customers will receive 250 free monthly minutes.

23. New Lifeline customers may elect to receive a free Assurance Wireless-branded handset with immediate E911 functionality. Current Virgin Mobile prepaid wireless customers may be able to use their existing handsets to receive free Lifeline services (with certain exceptions), or may elect to receive a free Assurance Wireless handset. The handset provided free of charge to Lifeline customers is sold separately by the Company to its non-Lifeline customers for \$9.99 and marketed as the Kyocera Jax. By providing a wireless handset free of charge, Virgin Mobile can ensure that Lifeline-eligible customers in Oregon will not incur up-front costs for access to the Company's Lifeline services. Virgin Mobile will provide one other free phone per year to replace handsets that are reported as lost or stolen.

24. Virgin Mobile will give Staff at least 60 calendar days advance notice before it begins offering Lifeline services in Oregon. Virgin Mobile will notify Staff of all of its Oregon marketing campaigns at least twenty-one (21) calendar days in advance. In addition, Virgin Mobile will submit all proposed marketing and advertising material, including but not limited to

television and radio Public Service Announcements, for Staff review at least twenty-one (21) calendar days in advance of publishing or releasing the advertisement. Virgin Mobile agrees to discuss any concerns Staff may have with respect to any such advertising materials and to work in good faith to address such concerns. Virgin Mobile further agrees that its advertising will reflect Oregon-specific eligibility requirements.

25. Virgin Mobile will submit all material revisions to the terms of its service offerings to Lifeline customers to Staff and to CUB for review at least thirty (30) calendar days before implementing such revisions. Virgin Mobile agrees to discuss any concerns Staff or CUB may have with respect to any such revisions and to work in good faith to address such concerns.

26. The Parties agree that good cause exists for a waiver of the requirement in OAR 860-033-0010 that Virgin Mobile “offer OTAP reduced rates or discounts with all service offerings that include basic telephone service.” Virgin Mobile explained the legal and technical reasons why it cannot meet this requirement in its Amended Application (pp.18-24). Further, the Parties agree that it would be in the public interest to authorize Virgin Mobile to offer another competitive free wireless offering to Lifeline customers, which would not be available without the grant of a rule waiver, particularly when this new competitive free wireless offering (Assurance Wireless) will provide customers with additional options to meet their voice and data needs.

27. Virgin Mobile agrees to pay the 9-1-1 tax on behalf of its customers but reserves the right to discontinue such payment should the law change to no longer require such payment.

28. Virgin Mobile will insure that it makes available adequate personnel for daily communications with Staff regarding Lifeline questions and concerns and Lifeline reporting issues. Virgin Mobile will also make available adequate personnel for raising issues to appropriate levels of authority above the customer service representative level for resolution, including but not limited to issues related to loss prevention. The personnel made available will have the authority to deactivate a customer’s phone. Virgin Mobile will provide designated

personnel's contact information including but not limited to e-mail addresses and telephone numbers to the RSPF Staff.

29. Virgin Mobile agrees that its Lifeline customers will be able to make customer service calls by dialing "611" without deducting any of their allotted free minutes (also referred to as "airtime").

30. When the Oregon Commission Staff notifies Virgin Mobile of customers who meet eligibility criteria, Virgin Mobile agrees to report to RSPF Staff, weekly, the customers' names, addresses, Virgin Mobile-assigned phone numbers and Commission-assigned OTAP identification numbers in an electronic format accessible by the Commission. The report will list any discrepancy, pursuant to OAR 860-033-0046(4), that prevents a customer from receiving Lifeline service (e.g., undeliverable shipment of activated handset, etc.). The parties agree to revisit this requirement after one year to determine if a less-frequent report is warranted.

31. Staff and Virgin Mobile agree that Virgin Mobile may consolidate the Active OTAP Customer Report (OAR 860-033-0046(2)) and the Order Activity Report (OAR 860-033-0046(3)). In the consolidated report, Virgin Mobile agrees to report all customers receiving Lifeline in a given month and to include all customers' names, addresses, phone numbers and Commission-assigned OTAP identification numbers. Virgin Mobile agrees to identify on the report customers whose addresses or phone numbers have changed in Virgin Mobile's records and customers whose Lifeline service has been deactivated.

3. Special Reports

32. Virgin Mobile agrees to provide as quarterly reports to Staff and to CUB, the Oregon-specific reports included in Exhibit K to the Amended Application.

33. Virgin Mobile agrees to provide Staff a copy of Oregon-specific monthly Lifeline Worksheets (Form 497) that it submits to the Universal Service Administrative Company ("USAC") from which it claims or seeks low-income reimbursement or support. Such reports shall be submitted monthly to the RSPF Staff. In conjunction with Form 497, Virgin Mobile agrees to report the customers' names, addresses, phone numbers and Commission-assigned

OTAP identification numbers for which it requests claims of low-income support from the federal Universal Service Fund to the RSPF Staff in an electronic format accessible by the Commission.

34. Information that Virgin Mobile is required to submit to the Commission, Staff, or CUB under the terms of this Stipulation, may be submitted as confidential pursuant to OAR 860-001-0070 and the Parties agree to treat such information pursuant to the terms of the Protective Order in this docket. The Parties agree that such information may be submitted to Staff, CUB and other Parties electronically, as required in the Stipulation. Notwithstanding this condition, nothing prohibits Staff from sharing such information with the FCC and USAC, upon request of those entities or as reasonably required for the performance of Staff's, FCC's or USAC's duties.

GENERAL TERMS

35. The Parties agree to support Commission approval of Virgin Mobile's request for initial ETC and ETP designations, consistent with the terms and conditions specified in this Stipulation. The Parties will encourage the Commission to issue an order approving Virgin Mobile's Amended Application and the Stipulation as soon as possible. This Stipulation will be offered into the record of this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and any appeal, and to provide either witnesses to sponsor testimony or legal representatives to support this Stipulation. The Parties will recommend the Commission issue an order adopting the terms and conditions specified in this Stipulation and approving Virgin Mobile's Amended Application and this Stipulation.

36. The Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material part of this Stipulation or imposes additional material conditions in approving the Stipulation and the Amended Application, any Party disadvantaged by such action shall have the right to request a hearing and opportunity to submit additional testimony, and/or in accordance with OAR 860-001-0720, seek reconsideration or appeal of the

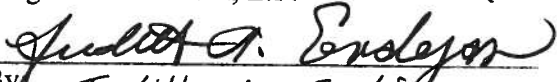
Commission's order. However, prior to taking any such actions, the Party must engage in good-faith negotiation with the other Parties to this Stipulation.

37. The Parties agree that this Stipulation represents compromises in the positions of the Parties. As such, conduct, statements and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding, unless independently discoverable or offered for the purposes allowed under ORS 40.190. By entering into this Stipulation, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed by any other Party in arriving at the terms of this Stipulation, other than those specifically identified in the body of this Stipulation. No Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding, except as expressly identified in the Stipulation.

38. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This Stipulation is entered into by each Party as of the date(s) entered below:


Virgin Mobile USA, L.P.


By: Judith A. Endejan
Its: outside counsel
Dated: 12/14/11

Staff of the Public Utility Commission
of Oregon

By:
Its:
Dated:

Citizens' Utility Board of Oregon


By: G.C. McCracken
Its: General Counsel
Dated: 12-8-11

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By:
Its:
Dated:

Staff of the Public Utility Commission
of Oregon

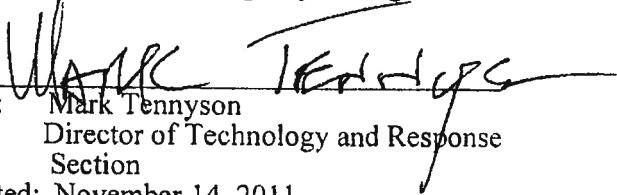
Paul A. Graham

By: PAUL A. GRAHAM
Its: Counsel
Dated: 12/14/11

Citizens' Utility Board of Oregon

By:
Its:
Dated:

Oregon Office of Emergency Management


By: Mark Tennyson
Its: Director of Technology and Response
Section
Dated: November 14, 2011

**Revised Exhibit I
to
First Amended Application for Designation as an Eligible
Telecommunications Carrier and Eligible Telecommunications Provider
and Request for Waivers of Certain RSPF Rules**

Oregon Administrative Rules (OAR) for which Virgin Mobile Seeks a Waiver

OAR 860-033-0006(3)(b) requires collection of Residential Service Protection Fund ("RSPF") surcharge from customers.

OAR 860-033-0006(3)(c) requires identification of RSPF surcharge on customer's bill.

OAR 860-033-0010: OTAP Applicability – Requirement to apply OTAP reduced rates or discounts with "all service offerings that include basic telephone service."

OAR 860-033-0030(6): OTAP Eligibility – Requirement that the name of the applicant appear on a billing statement.

OAR 860-033-0035(1)(c): OTAP Benefits – Provision of the monthly State of Oregon \$3.50 OTAP Benefit and Support.

OAR 860-033-0045(1) – ETC Compensation from the RSPF for new OTAP customer enrollment and costs of OTAP participation.

CERTIFICATE OF SERVICE

I hereby certify that on December 14, 2011, I served the Stipulation upon the parties in this proceeding by electronic mail as follows:

W	CITIZENS' UTILITY BOARD OF OREGON GORDON FEIGNER (C) ENERGY ANALYST	610 SW BROADWAY, STE 400 PORTLAND OR 97205 gordon@oregoncub.org
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	JOHN C STURM (C) STAFF ATTORNEY	610 SW BROADWAY, STE 400 PORTLAND OR 97205 john@oregoncub.org
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W	OREGON DEPARTMENT OF JUSTICE STEVEN A WOLF ASSISTANT ATTORNEY GENERAL	1162 COURT STREET NE SALEM OR 97301-4096 steven.wolf@doj.state.or.us
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W	PUBLIC UTILITY COMMISSION OF OREGON JON CRAY (C) RSPF PROGRAM MANAGER	550 CAPITOL ST NE, SUITE 215 SALEM OR 97301 jon.cray@state.or.us
	KAY MARINOS (C)	PO BOX 2148 SALEM OR 97308-2148 kay.marinosa@state.or.us
W	PUC STAFF--DEPARTMENT OF JUSTICE PAUL GRAHAM (C) ASSISTANT ATTORNEY GENERAL	BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 paul.graham@state.or.us
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W

VIRGIN MOBILE USA LLC

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Executed on December 14, 2011 at Seattle, Washington.



Darilyne De Mars

Legal Assistant to Judith A. Endejan
Counsel for Virgin Mobile USA, L.P.