



June 19, 2014

Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

RE: Virgin Mobile USA, L.P.'s Response to the DSHS Audit Report

Dear Commission:

Virgin Mobile USA, L.P. submits this response to the DSHS audit report dated December 27, 2012 and provided to Virgin Mobile in final form in May 2013. The May 2013 audit report provides the results of an audit of Virgin Mobile Lifeline customers enrolled in the third quarter 2012 based on WTAP-qualifying programs tracked by DSHS using WTAP eligibility information from July 1, 2012 to December 17, 2012.

- 1. Of 6,719 customers located in the DSHS database, 128 individuals were identified by DSHS as “not receiving a DSHS service that would qualify them for WTAP or a federal Lifeline subsidy.”**

These customers' initial eligibility was checked using the DSHS database. The customer list was then submitted to DSHS in December 2012 in connection with the audit. In May 2013, DSHS provided results indicating that 128 customers' eligibility could not be confirmed using the DSHS database as of December 2012. All Washington customers were put through the recertification process beginning in July 2013. In addition, eligibility for all Washington customers with a DSHS identification number (approximately 99,000 customers) was checked against the DSHS database in August 2013. Of the 128 customer identified as “not WTAP eligible” as of December 2012, 62 were recertified in August 2013 through the DSHS database. Virgin Mobile has conferred with DSHS to attempt to understand why these customers were confirmed eligible in the third quarter 2012, could not be confirmed through the DSHS database in December 2012, but then were confirmed eligible in August 2013. Virgin Mobile and DSHS continue to work together to identify the reason for the inconsistency. An additional 28 customers of the 128 recertified relying on a non-DSHS program. Indeed, customers are not required to certify that they participate in a WTAP program to remain eligible but rather than they participate in a Lifeline qualifying program. In fact, Assurance Wireless customers commonly participate in multiple Lifeline-qualifying programs, only some of which are contained in the DSHS database. Of the 128, 38 did not recertify successfully and their Lifeline service was discontinued.

Going forward, in the event that a DSHS report identifies a customer who initially qualified based on a DSHS program as “not WTAP eligible,” the Company immediately will send the customer a notice of pending termination with the opportunity to provide documented evidence of participation in a non-DSHS qualifying program.

2. Of the customers confirmed eligible based on a DSHS-qualifying program, 784 were identified by DSHS as receiving a Lifeline subsidy on their Landline service

Based on the DSHS report, 784 of the customers submitted by Virgin Mobile in December 2012 were identified as receiving a Lifeline subsidy for landline phone service. All of these customers were required to recertify their eligibility beginning in July 2013. Among the requirements for recertification was certification that their household received only one Lifeline discount. Any of these customers who remain active on Assurance Wireless service would have been loaded into NLAD and gone through the duplicate resolution process designed by USAC. Washington customers with duplicate Lifeline service received letters from USAC dated April 1, 2014, instructing them to select one carrier. As of May 29, 2014, the Company de-enrolled 179 Washington Lifeline customers identified as duplicates.

At the time the duplicates were identified by DSHS in December 2012, there was no method for the Company to resolve the duplicate with the landline carrier. The FCC had determined not to include landline customers in the IDV process. Moreover, the IDV process designed by the FCC and USAC permits intercarrier duplicates to select a carrier, and did not require one carrier to de-enroll all duplicates in favor of another carrier or technology.

With all customers having been loaded in NLAD, this issue should not arise in the future for Washington customers.

3. From the list of customers submitted by Virgin Mobile, DSHS could not identify 2326 individuals due to various data mismatches.

At that time these customers were loaded into NLAD in December 2013, they would have had to pass third-party validation of their Social Security Number and data of birth. As of June 6, 2014, Virgin Mobile used the DSHS database to attempt to confirm the validity of the data provided by each of the 2326 customers who remain active on the service. DSHS was able to confirm the eligibility of 1,903 of these customers. The eligibility of 423 of these customers could not be confirmed using the DSHS database as of June 2014. For customers who remain active on the Lifeline service, Virgin Mobile will provide these customers with notice of termination within 30 days and request that the customer submit documented proof of Lifeline eligibility within that 30-day period or be de-enrolled.

If you have any questions regarding this response, please feel free to contact me. I can be reached via email at: Kristin.L.jacobson@sprint.com or via telephone at: 707-816-7583.

Very truly yours,

/s/ Kristin L. Jacobson

Kristin L. Jacobson