Sprint

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KSOPHN0314-3A459
6450 Sprint Parkway
Overland Park, KS 66251

April 10, 2015

Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

RE: Lifeline Biennial Audit Report of Virgin Mobile USA, LP (d/b/a Assurance Wireless)

Dear Sir or Madam:

Pursuant to 47 C.F.R. section 54.420, Virgin Mobile USA, LP (d/b/a Assurance Wireless) filed its Lifeline biennial audit report dated April 2, 2015 with the Federal Communications Commission and the Universal Service Administrative Company.

Consistent with federal regulations, the Company provides herewith a copy of the Final Biennial Audit report.

Should you have any questions, please contact the undersigned.

Sincerely,

Diane Browning

Diane Browning

attachment

Office: (913) 315-9284 Fax: (913) 523-0571

KPMG
KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City, MO 64106-2162

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Managements of Virgin Mobile USA, LP (d/b/a Assurance Wireless)
(hereinafter referred to as "the Company" or "Virgin Mobile"),
the Universal Service Administrative Company ("USAC"); and
the Federal Communications Commission ("FCC" or "Commission"):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau ("Bureau") and Office of Managing Director ("OMD") in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau,[1] solely to assist you in evaluating Virgin Mobile's compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the "Rules") detailed in the Lifeline Biennial Audit Plan for the year ended December 31, 2013. Virgin Mobile's management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and by Generally Accepted Government Auditing Standards ("GAGAS") issued by the Government Accountability Office (2011 Revision).[2] The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures, related results and management's responses are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.[3]

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on Virgin Mobile's compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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[1] *See Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, WC Docket No. 11-42, Public Notice, DA 14-450 (rel. Apr. 2, 2014).
[2] *See* U.S. Government Accountability Office, *Government Auditing Standards*, GAO 12-331G (rev. Dec. 2011).
[3] *See* 18 U.S.C. § 1028(d)(7) (definition of means of identification) and 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information).

KPMG

This report is intended solely for the information and use of Virgin Mobile, USAC, and the FCC, and is not intended to be and should not be used by anyone other than these specified parties. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

/s/ KPMG LLP

April 2, 2015

Attachment A enumerates the agreed-upon procedures for Virgin Mobile, the associated results, and any management responses obtained in relation to the exceptions identified.

Objective 1: Carrier Obligation to Offer Lifeline.

Procedure 1

KPMG inquired of Virgin Mobile's management on November 11, 2014 and obtained the Company's policies and procedures, as it relates to the audit period, for offering Lifeline service to qualifying low-income consumers.

KPMG examined Virgin Mobile's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.405, noting no exceptions.

Procedure 2

KPMG inspected 10 examples of Virgin Mobile's marketing materials describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enable subscribers to enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, and application and certification forms).

KPMG noted the marketing materials contained the required information below:

- The service is a Lifeline service, which is a government assistance program;
- The service is non-transferable;
- Only eligible subscribers may enroll;
- Only one Lifeline discount is allowed per household; and
- Virgin Mobile's name or any brand name is used to market the service.

Procedure 3

KPMG requested 50 recorded customer service calls from the year ended December 31, 2013 for Lifeline subscribers.

KPMG selected a sample of 10 calls from the 50 recorded customer service calls, provided by Virgin Mobile, and verified the use of a live customer care operator, the time spent using the customer care telephone service and that the telephone number can be used by the subscriber to notify Virgin Mobile they are no longer eligible for Lifeline service, noting no exceptions.

Procedure 4

KPMG inquired of Virgin Mobile's management on November 11, 2014 and obtained the Company's policies and procedures, as it relates to the audit period, for de-enrollment from the Lifeline program, including when the Eligible Telecommunications Carrier ("ETC") will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage and failure to recertify.

KPMG examined Virgin Mobile's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.405, and noted the following:

- KPMG noted policy and procedure gaps related to Virgin Mobile's obligation to offer Lifeline, specifically around the de-enrollment process and databases involved in the tracking of Lifeline users.

KPMG noted during the audit period there was a process in place to monitor and identify subscribers who were inactive users of Lifeline service (as defined by non-usage for 60 consecutive days). However, undetected data transmission errors led to data discrepancies in the count of ineligible subscribers within Virgin Mobile's systems and between Virgin Mobile and its third-party service provider. Therefore, customers who were no longer eligible due to non-usage remained on the Lifeline program and were included in the count of active subscribers when calculating monthly amounts for active eligible users reported on the FCC Form 497.

- KPMG selected a sample of 12 subscribers reported as de-enrolled from the Lifeline program reported on the Form 555s filed for Connecticut, Florida and Utah during the months of February, May, and November. KPMG obtained the notification files for pending de-enrollment from Lifeline for the subscribers due to non-usage. For 3 of the 12 subscribers selected for testing, KPMG noted the wireless devices were reported as lost or stolen and as such, the Lifeline accounts were immediately suspended and the subscriber was notified of their requirement to reactivate their replacement device upon receipt. The subscribers do not receive a non-usage termination letter as Virgin Mobile does not file for reimbursement for these customers during the suspension period.
- KPMG was able to review the notifications of the remaining 9 subscribers, noting the mailings contained clear, easy to understand language regarding the requirement to use their Lifeline service within 60 days to avoid termination of service. Additionally, KPMG noted Virgin Mobile subscribers do not receive monthly invoices and as such, all communications to the subscribers are effectively separate from a monthly invoice.
- KPMG assessed the timelines of subscriber notification and Lifeline de-enrollment, noting with the exception of 1 subscriber, the timeline of notification and de-enrollment from Lifeline were acceptable per 47 C.F.R. 54.405(e)(3). For the 1 subscriber identified, KPMG noted the customer was notified of impending de-enrollment for non-usage on February 1, 2014 and was subsequently de-enrolled from Lifeline as of May 1, 2014. KPMG noted this timeframe exceeded the allowable 60 days for notification and pending de-enrollment as required by 47 C.F.R. 54.405(e)(3).

KPMG selected a sample of 30 subscribers identified as de-enrolled from the Lifeline program due to failure to recertify within the Form 555 filed for the states of Connecticut, Florida and Utah and requested copies of the notifications of impending de-enrollment due to failure to recertify. KPMG reviewed the notifications and noted the communications contained the required information set forth in 47 C.F.R. 54.405(e)(4), noting no exceptions.

KPMG obtained and reviewed the templates for notification of pending de-enrollment due to subscriber's non-usage and failure to re-certify during the annual re-certification process. KPMG attached 3 templates as there are two main forms of communication for notifying subscribers for non-usage and recertification. These templates are attached to the end of the report.

Management Response:

Management concurs with these findings. The Company has implemented changes to its information technology systems to remedy the errors related to account activity tracking and timely de-enrollment of inactive customers identified by KPMG. In addition, the Company has enhanced its quality control procedures to promptly identify an isolated systems error and take immediate corrective action. The Company also has taken action to prevent over recovery and is continuing to take steps to ensure that it does not recover for ineligible subscribers.

Objective 2: Consumer Qualification for Lifeline.

Procedure 1

KPMG inquired of Virgin Mobile's management on November 11, 2014 and obtained the Company's policies and procedures, as it relates to the audit period, for limiting Lifeline support to a single subscription per household.

KPMG examined Virgin Mobile's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.409.

KPMG noted the following regarding Virgin Mobile's policies and procedures, management's responses to our inquiries, and the Commission's Lifeline Rules:

- KPMG noted that a process to identify and verify duplicate addresses of subscribers was present; however the Company's business rules at the time only identified exact matches as duplicates and did not identify close matches between subscriber data fields (e.g. Apt. versus Apartment, John H. Subscriber versus John Subscriber) prior to completing the Form 497 data submission
- Additionally, KPMG noted instances of duplicate subscribers that were not identified by Virgin Mobile as duplicates (due to the business rules described above) and therefore the Company did not identify them as required to complete the one-per-household worksheet. As such, subscribers residing at the same address were not provided one-per-household worksheets to complete and return to Virgin Mobile.

Management Response:
Process to Identify and Verify Duplicate Addresses

Management concurs with this finding. Since the inception of Virgin Mobile's Lifeline program in December, 2009, the Company has undertaken significant efforts to comply with the one subscriber per household rule. Checks for duplicate subscribers (same subscriber and subscribers at the same address) have been and continue to be conducted at the eligibility determination stage and prior to the monthly filing of Forms 497. Virgin Mobile's eligibility determinations are performed by a trusted and widely used third-party Lifeline administrator, Solix, Inc. ("Solix"). Solix has consistently applied effective procedures for preventing duplicate subscribers at the time an eligibility determination is rendered. In addition to the procedures Solix has implemented during the eligibility determination process, the Company has employed procedures for examining its subscriber rolls for duplicate accounts prior to preparing and filing its Forms 497.

Since 2009, the industry standards for identifying a potential duplicate subscriber or address have evolved substantially, and those standards continue to evolve. In 2013, Sprint and Solix identified duplicate accounts where a customer's first name, last name, and address (street, apartment, city, state and zip code) were exact matches in each field.

It appears that the duplicates identified went undetected in almost every case because of variations in a subscriber's listed address that caused a mismatch in one or more address fields. In addition, newly available data points (date of birth and last four digits of the Social Security Number) collected in the ensuing two years but not available in 2013 may now be used for matching purposes.

Since 2013, the FCC and USAC have become increasingly involved in duplicate detection through Payment Quality Assurance (PQA) reviews, the In-Depth Data Validation ("IDV") process and the development and implementation of the National Lifeline Accountability Database ("NLAD"). The Company voluntarily cooperated with FCC and USAC in all efforts to identify and resolve duplicates among its own subscribers and subscribers receiving duplicate service from another carrier. In 2013, however, neither the FCC nor USAC had provided guidance on how a "duplicate" account was defined or identified when the data in each of these fields was not an exact match. Virgin Mobile maintains that its duplicate check process in 2013 complied with the requirements of the Lifeline program during the audit period.

In response to evolving guidance from and practices employed by the FCC and USAC, management has revised its duplicate detection capabilities since 2013. The Company has implemented computer-assisted comparison of accounts to identify duplicates (i.e., "fuzzy logic") both at the eligibility determination stage and prior to filing Forms 497. In addition, the Company has enhanced its quality control procedures at the eligibility determination stage to detect data anomalies that could impact duplicate detection. The Company also adheres to the evolving parameters of the NLAD, which USAC and the FCC have prescribed for the purpose of detecting and preventing duplicative Lifeline accounts. As the NLAD duplicate detection capabilities continue to evolve, the Company will continue to evaluate its duplicate detection efforts as well.

One-Per-Household Worksheet

Management concurs with this finding. In instances in which the Company's duplicate detection processes in place in 2013 did not identify two subscribers or addresses as potential duplicates, it follows that the Company did not send the one-per-household worksheet.

Procedure 2

KPMG inquired of Virgin Mobile's management on November 11, 2014 to discuss the procedures in place during the audit period to ensure it has accurately completed the FCC Form 497.

KPMG reviewed the Company's procedures during the audit period, and management's responses to our inquiries, and compared the results to the Commission's Lifeline rules set forth in 47 C.F.R. Section 54.409.

KPMG noted the following regarding Virgin Mobile's policies and procedures, management's responses to our inquiries, and the Commission's Lifeline Rules:

- KPMG noted policy and procedure gaps related to consumer's qualification for Lifeline service, specifically KPMG noted during the period under audit there was a process in place to monitor and identify subscribers who were no longer eligible for Lifeline following the recertification period. However, there were undetected data transmission errors between Virgin Mobile and its third party Lifeline service provider which led to discrepancies in the count of eligible of Lifeline subscribers. Additionally, there were instances of subscribers who were no longer eligible for Lifeline were displayed in the systems (Virgin Mobile and the Company's third party service provider) differently during the audit period (e.g. one system showed the customer as 'eligible' and the other system showed the customer as 'ineligible').

Management Response:

Management concurs with the finding. It has implemented changes to its information technology systems to remedy the data errors identified by KPMG. In addition, the Company has enhanced its quality control procedures to promptly identify an isolated systems error and take immediate corrective action. The Company has taken action to prevent over recovery and is continuing to take steps to ensure that it does not recover for ineligible subscribers.

Procedure 3

KPMG obtained Virgin Mobile's subscriber list and FCC Form 497 for each study area in the selected states (Connecticut, Florida and Utah) for September 2013. KPMG compared the number of subscribers reported on the Form 497s to the number of subscribers contained on the Subscriber List for each study area, noting no exceptions.

Procedure 4

KPMG conducted computer-assisted audit techniques and examined the Subscriber List obtained in Procedure 3 above for duplicate addresses with different subscribers receiving Lifeline support and noted the following:

- 941 sets of duplicate subscribers were claimed in Connecticut (244 subscribers), Florida (679 subscribers) and Utah (18 subscribers) in September 2013.

KPMG noted a monetary finding which totaled $8,704.25 for duplicative support claimed on the September 2013 FCC Form 497s filed in the selected states of Connecticut, Florida and Utah.

Management Response:

Management concurs with this finding but notes that duplicate detection standards have evolved since 2013. With respect to duplicate detection, the Company incorporates by reference the Management Response to Objective 2, Procedure 1 above.

Procedure 5

KPMG compiled a list of all duplicate addresses with different subscribers noted in Procedure 4 above and requested copies of the one-per-household certification form for a sample of 30 subscribers. KPMG inspected the certification forms to determine whether the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet.

KPMG noted the following for the sample of 30 subscribers selected for the one-per-household certification testing:

- KPMG noted 12 of the 30 subscribers selected were not required to complete the one-per-household form as they were the first to receive the Lifeline benefit at the service address.
- KPMG identified 18 of the 30 subscribers selected as required to complete the one-per-household worksheet and noted the following:
  - For 11 of the 18 required worksheets, Virgin Mobile did not identify the subscribers as required to complete the one-per-household worksheets based on its duplicate detection processes in place during the audit period. As such, 11 subscribers were not mailed the one-per-household worksheets.
  - For the remaining 7 required worksheets, KPMG noted based on the data provided by Virgin Mobile that:
    - 1 subscriber sample was a customer receiving two benefits under one address. Both accounts possessed the same Lifeline start date with different subscriber names but exact personal information. KPMG noted the subscriber did not receive a one-per-household worksheet.
    - 6 required subscribers were sent the one-per-household worksheets and:
      - Two six subscribers returned their completed forms to Virgin Mobile;

- One of the subscribers was a duplicate customer receiving two benefits under one address with different Lifeline start dates. The Billing Account Number ("BAN") identified to complete a one per household worksheet was sent the worksheet. The 1 subscriber did not return the one-per-household worksheet, and the second account was de-enrolled as required by 54.405 (e)(2); and
- Three subscribers did not return their forms and thus their Lifeline discount was removed as required by 47 C.F.R. 54.405(e).

KPMG obtained and reviewed the subscriber completed one-per-household worksheets and noted the certifications within the form contain the required language set forth in 47 C.F.R. 54.410 (d)(1).

Management Response:

Management concurs with this finding. In instances in which the Company's duplicate detection processes in place in 2013 did not identify two subscribers or addresses as potential duplicates, it follows that the Company did not send the one-per-household worksheet.

Objective 3: Subscriber Eligibility Determination and Certification.

Procedure 1

KPMG inquired of Virgin Mobile's management on December 2, 2014 and obtained the Company's policies and procedures, as it relates to the audit period, for ensuring that its Lifeline subscribers are eligible to receive Lifeline services.

KPMG examined Virgin Mobile's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline rules set forth in 47 C.F.R. Section 54.410.

- KPMG noted policy and procedure gaps related to subscriber eligibility determination and certification for Lifeline service. Specifically, KPMG noted during the period under audit there was a process in place to monitor and identify subscribers who were no longer eligible for Lifeline following the recertification period. KPMG noted instances of subscribers who were previously de-enrolled from the program (either for non-usage or failure to recertify) were reactivated without re-applying for the Lifeline program.

Management Response:

Management concurs with this finding. During the audit period, Customer Care representatives had discretion to deactivate and reactivate customer accounts in limited circumstances based on interaction with the customer, a functionality intended to allow Care representatives to add monthly service or change price plans by resetting the account. The Company eliminated Customer Care representatives' ability to reset accounts under any circumstances in August 2013. This action in August 2013 should have prevented any further instances of such reactivation.

Procedure 2

KPMG inquired of Virgin Mobile management on December 3, 2014 and obtained the Company's policies and procedures, as it relates to the audit period, for training employees and agents for ensuring that the ETC's subscribers are eligible to receive Lifeline services.

KPMG examined the Virgin Mobile's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.410, noting no exceptions.

KPMG noted all eligibility functions specific to Lifeline are managed by the service representatives employed by Solix, Inc. All employees responsible for evaluating subscriber eligibility are required to complete Lifeline specific training as part of their Solix employee on-boarding process. All training is conducted on-site at Solix's support center, which includes a Lifeline program application review and state specific training. Depending on the complexity of the state, multiple trainings may be required. Additionally, any additional training or updated information specific to Lifeline is communicated to the assigned employees and monitored by management. Additionally, KPMG noted the National Lifeline Accountability Database ("NLAD") was not implemented during the period (January 1 to December 31, 2013) and any test procedures regarding NLAD are not applicable.

Procedure 3

KPMG obtained the Subscriber List for each study area in the selected states (i.e. Connecticut, Florida and Utah) for September 2013. KPMG randomly selected 100 subscribers from the Subscriber List that were enrolled in the program after June 1, 2012.

KPMG inspected the subscriber's certification and recertification forms (where applicable) and compared the forms to verify they contained the information required by the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.410.

KPMG compared the Company's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria set forth in the Commission's Lifeline Rules and noted the following:

- Virgin Mobile was unable to provide the updated applications for 32 of the 100 subscribers selected for testing and KPMG was unable to complete the required attribute testing on the Lifeline applications.
- KPMG noted all of the 32 subscribers remained enrolled in the Lifeline program despite the outdated applications.
- For the remaining 68 forms, KPMG inspected the forms to validate the initial certification form was dated prior to or on the same day as the Lifeline start date per the Subscriber List. Additionally, KPMG reviewed the list of data sources or documentation the Company provided to confirm the subscriber's eligibility to verify the data sources were eligible per the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.417.

Additionally, KPMG noted Virgin Mobile did not service Tribal residents and as such, the procedure related to certification to residing on Tribal lands was not applicable during the audit period.

Management Response:

Management concurs in part with this finding. 29 of the 32 customers identified as "new" customers were actually pre-existing customers as of June 1, 2012. For the 29 identified in the testing, an event occurred such as a price plan change or manual deposit of monthly minutes that reset their "Lifeline Start Date" to on or after June 1, 2012 thus making it appear that these 29 were "new" customers. Management verified via query of the legacy system that the 29 were pre-existing customers. Management concurs that it cannot establish whether the remaining three subscribers who were enrolled on or after June 1, 2012 were enrolled using the form required as of June 1, 2012.

Objective 4: Annual Certification and Recordkeeping by Eligible Telecommunications Carriers.

Procedure 1

KPMG inquired of Virgin Mobile management on November 11, 2014 and obtained the Company's policies and procedures, as it relates to the audit period, for ensuring that the Company has obtained and submitted the annual certifications required under the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.416.

KPMG examined Virgin Mobile's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.416, noting no exceptions.

Procedure 2

KPMG requested Virgin Mobile's FCC Form 555 that was filed in January 2014 for the study areas within the selected states of Connecticut, Florida and Utah, which represented the subscribers recertified during the calendar year 2013.

KPMG examined the FCC Form 555 filed for the study areas in the selected states (Connecticut, Florida and Utah) and reviewed the certifications completed by an officer of the Company, noting no exceptions.

KPMG noted an officer of Virgin Mobile made all certifications on the FCC Form 555s as required by the Commission's Lifeline Rules.

Procedure 3

KPMG requested the Company's organizational chart. KPMG reviewed Virgin Mobile's organizational chart and verified that the certifying officer on the FCC Form 555s for the study areas within the selected states (Connecticut, Florida and Utah) is an officer of the Company per the organizational chart.

Procedure 4

KPMG obtained the FCC Form 555 filed in January 2014 for the selected states (Connecticut, Florida and Utah) and the respective Form 497s filed in February 2013.

KPMG verified the subscriber count per the FCC Form 555 agreed with the total subscriber count per the February Form 497 for the selected states of Connecticut, Florida and Utah, noting no exceptions.

Procedure 5

KPMG requested the recertification records for the states of Connecticut, Florida and Utah to verify the recertification results agreed to the data reported on the Form 555.

KPMG reviewed the recertification results of the individual subscribers reported on the FCC Form 555 filed in January 2014 for the selected states (Connecticut, Florida and Utah), noting no exceptions.

Procedure 6

KPMG requested the non-usage results for the months of February, May and November for the selected states (Connecticut, Florida and Utah) reported on FCC Form 555 filed in January 2014.

KPMG reviewed the non-usage results for the months of February, May and November for the selected states (Connecticut, Florida and Utah) reported on FCC Form 555 filed in January 2014, noting no exceptions.

Procedure 7

KPMG noted Virgin Mobile is federally designated as an ETC in the following 10 states of Alabama, Connecticut, DC, Delaware, New Hampshire, New York, Pennsylvania, Virginia, North Carolina and Tennessee and requested the FCC Form 481.

KPMG obtained and reviewed Virgin Mobile's annual ETC certifications and reported all the information as required by 47 C.F.R. 54.422(a)(b), noting no exceptions.

Procedure 8

KPMG noted Virgin Mobile is federally designated as an ETC in the following 10 states of Alabama, Connecticut, DC, Delaware, New Hampshire, New York, Pennsylvania, Virginia, North Carolina and Tennessee and requested the supporting schedules to complete FCC Form 481.

KPMG reviewed the supporting FCC Form 481 for the test state of Connecticut and reviewed the supporting schedules for the data reported on the Form as required by 47 C.F.R. Section 54.422(a)(b), noting no exceptions.

Procedure 9

KPMG inquired of Virgin Mobile's management on November 11, 2014 and obtained the Company's policies and procedures, as it relates to the audit period, for maintaining records that document compliance with the Commission's Lifeline Program Rules.

KPMG examined the Company's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline rules set forth in 47 C.F.R. Section 54.417, noting no exceptions.

Important — Your Action Required

John Q Sample
123 Any Street
Any City, OR ZIP+4

Dear John Q Sample,

It's been 60 days since you've used your Assurance Wireless phone, and unfortunately that means that to comply with Federal regulations, we must discontinue your Lifeline service within 30 days of this letter.

Once your Lifeline discount is discontinued, if you want to use your Assurance Wireless phone, you will have to pay 10¢ per minute or text message. You must use your phone at least once every 60 days in order to keep your Lifeline discount and to continue receiving free minutes each month from Assurance Wireless.

It's not too late to save your Lifeline service, though. Just make a phone call from your Assurance Wireless phone within 30 days of this letter and you will continue to receive free voice minutes each month from Assurance Wireless. Why not call a friend or family member to say you're thinking of them? You can call 1-888-350-0555 from your Assurance Wireless phone to confirm and save your service.

We do hope you'll make that call to continue to enjoy the benefits of being connected with Assurance Wireless. If not, it's been our pleasure having you as an Assurance Wireless customer.

Sincerely,
Assurance Wireless

P.S. Don't forget to make one call to save your service before it's too late.

Assurance Wireless: Additional voice minutes and text messages are 10¢ each. Domestic text prices are to send and receive. Account may expire 150 days after you receive notice of ineligibility for Assurance Wireless service and account balance may be forfeited. See Terms of Service for details. Assurance Wireless is subject to the Terms of Service found on www.assurancewireless.com. **payLo by Virgin** Mobile Basic Rate Plan: Text, email, & IM: 15¢ per msg.; Picture messages: 25¢/msg.; & Web access is $1.50/MB (expires 24 hours after funds are deducted from account). Account active period is based on amt of funds added to acct: 90 days for $20 or more & 45 days for $10-$19.99. Unless sufficienct funds are added, your acct will become inactive 24 hours after expiration of active period & your acct balance will be forfeited. payLo by Virgin Mobile is subject to the Terms of Service found on www.virginmobileusa.com. **Other Terms for Assurance Wireless and paylo by Virgin Mobile:** International services are extra. State & local sales taxes & fees may apply when adding funds to your acct. Offer & services are subject to change without notice. Addt'l charges & restrictions may apply. Coverage not available everywhere. Nationwide Sprint Network for voice service reaches more than 280 million people. Sprint 3G Network for data service reaches over 275 million people.

assurance wireless brought to you by Virgin mobile
PO Box 7600
Mattoon, IL 61938-9807

------ manifest line ---------

YOUR LIFELINE SERVICE EXPIRES ON
July 22, 2013
IF YOU DO NOT CERTIFY YOUR ELIGIBILITY

Your Account PIN: 652943

178

September 9, 2013

IMPORTANT NOTICE ABOUT YOUR LIFELINE SERVICE - ACT NOW

000001 1/2

Your Lifeline service from Assurance Wireless will soon expire. To avoid interruption of your Lifeline service, you must certify your eligibility.

Please see the reverse side for instructions on how to complete annual certification.

Thank You,
Assurance Wireless

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CERTIFICATION IS REQUIRED

Your Account PIN:

YOUR LIFELINE SERVICE EXPIRES ON

July 22, 2013

IF YOU DO NOT CERTIFY YOUR ELIGIBILITY

IMPORTANT: CALL NOW TO AVOID INTERRUPTION OF YOUR LIFELINE SERVICE

Your free Assurance Wireless Lifeline service and minutes will expire if you do not certify your Lifeline eligibility. The government requires you to confirm that you are still eligible for Lifeline service. You must certify by the expiration date noted above or you will lose your free Assurance Wireless service.

The fastest and easiest way to certify is to simply call us today at 1-888-653-9262 from your Assurance Wireless phone and we'll guide you through the process to continue receiving monthly Lifeline service. **This is your final notice. If no action is taken your Assurance Wireless Lifeline service will expire and you will have to reapply.**

CERTIFY IN ONE OF THE FOLLOWING WAYS

- Complete and mail back the enclosed Certification Form in the postage-paid envelope.
- Visit **www.AssuranceWireless.com** and click on Annual Certification.
- Fax the enclosed Certification Form.
- Call 1-888-653-9262 and follow the simple prompts (the easiest way)

TO CONTINUE YOUR LIFELINE SERVICE WITH ASSURANCE WIRELESS

1. CONFIRM

Please refer to the enclosed application to confirm your eligibility.

2. GATHER

Have on-hand basic information such as:

- Your Assurance Wireless Number
- Social Security Number
- **Only if it has changed from last year,** the qualifying government assistance program you participate in **OR** your total household income.

3. CALL

Call us toll-free (from your Assurance Wireless phone, if possible) at **1-888-653-9262** & we'll walk you through the certification steps. **It is the easiest and fastest way to certify.**

NEED HELP OR HAVE QUESTIONS?

We're here to help at **1-888-321-5880.**
We are looking forward to continuing to provide monthly lifeline services to you.

Sincerely,
Assurance Wireless

assurance wireless brought to you by Virgin mobile

GEORGIA ANNUAL CERTIFICATION FORM

Return this form in the provided paid envelope to:

Assurance Wireless, P.O. Box 617 • Charleston IL 61920-9806 **or** fax to: 1-855-770-6095

Return this form by July 22, 2013

STEP 1 The following is the current information on your account. If your **PERSONAL** and **ELIGIBILITY** information has not changed, check boxes in **Step 2**, sign, date, return form and you are done.

Name: **Date of Birth:**
Address: **Last 4 digits of SSN**

Eligibility: When you last completed your certification, you qualified based on **Income**.

NOTE: **If your date of birth or last 4 digits of your Social Security Number do not appear above, you MUST provide them below. Your annual certification cannot be complete without them.**

IF THERE IS NO CHANGE, SKIP TO STEP 2 ON THE REVERSE SIDE, CHECK ALL 3 BOXES AND SIGN!

If any of your information has changed, use the space below to **UPDATE** your **PERSONAL INFORMATION** or **ELIGIBILITY STATUS. IF NOTHING HAS CHANGED SKIP TO STEP 2 ON THE REVERSE SIDE.**

PERSONAL INFORMATION CHANGE

First Name: ______________________ Last Name: ______________________

Street Address: ______________________ Apt: ______ City: ____________ State: ______ Zip Code ________

Mark here if this is a temporary address ☐

Date of Birth: ______/______/________ (mm/dd/yyyy) Last 4 digits of SSN: ☐☐☐☐

ELIGIBILITY CHANGE: If you now qualify based on a **NEW Program OR NEW Income**, please complete **ONE** of the following two sections by **placing √ next to how you qualify.**

PROGRAM BASED ELIGIBILITY

OR

- ☐ Supplemental Nutrition Assistance Program (SNAP)/ Food Stamps
- ☐ Medicaid
- ☐ Supplemental Security Income (SSI) (Not the same as Social Security Benefits)
- ☐ Low Income Home Energy Assistance Program (LIHEAP)
- ☐ Federal Public Housing Assistance (Section 8)
- ☐ Senior Citizen Low Income Discount Plan
- ☐ Temporary Assistance to Needy Families (TANF)
- ☐ The National School Lunch Program's Free Lunch Program

GO TO STEP 2, CHECK BOXES, AND SIGN!

INCOME BASED ELIGIBILITY

A Household is defined as any individual or group of individuals who live together at the same address and share income and expenses.

Household Size	Yearly Income	Household Size	Yearly Income
☐ 1	$0 – $15,512	☐ 5	$0 – $37,220
☐ 2	$0 – $20,939	☐ 6	$0 – $42,647
☐ 3	$0 – $26,366	☐ 7	$0 – $48,074
☐ 4	$0 – $31,793	☐ 8	$0 – $53,501

If there are more than 8 people in your household, add $5,427 for each additional person

______________ $0 – ______________
Total Household Size Yearly Income

Example: For a household of 9 people, Yearly Income allowed: $0 – $58,928 ($53,501 + $5,427).

GO TO STEP 2, CHECK BOXES, AND SIGN!

CONTINUE TO STEP 2 ON THE REVERSE SIDE, CHECK BOXES AND SIGN!

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IMPORTANT INFORMATION ABOUT THE LIFELINE PROGRAM

One Lifeline discounted service (landline or wireless) is available per household. A household is defined as any individual or group of individuals who live together at the same address and share income and expenses. A household is not permitted to receive Lifeline benefits from multiple providers. Violation of the one-per-household rule constitutes a violation of federal rules and will result in de-enrollment from the Lifeline program and potentially prosecution by the United States government. Lifeline is a non-transferable benefit. Lifeline participants may be required to re-certify continued eligibility for Lifeline at any time; failure to do so will result in the termination of Lifeline benefits.

CERTIFICATION (continued)

By signing below, I certify under penalty of perjury that the information contained within this Annual Certification Form is true and correct to the best of my knowledge.

- I participate in a qualifying federal program or meet the income qualifications to establish eligibility for Lifeline.
- If I have provided a temporary address, I must notify Assurance Wireless within 30 days of any change of address. Assurance Wireless will attempt to verify every 90 days that I continue to reside at that address. If I do not respond to these address verification attempts within 30 days, I will be de-enrolled.
- I will inform Assurance Wireless within 30 days of the following, and may be subject to penalties if I fail to do so:
  - I move to a new address.
  - I no longer participate in a Lifeline qualifying program or my annual household income exceeds 135% of the Federal Poverty Guidelines.
  - I become aware that my household is receiving more than one Lifeline benefit.
  - For any other reason, I no longer meet the criteria for federal Lifeline support.
- I authorize Assurance Wireless or its agent to access any records (including financial records) required to verify my statements herein and to confirm my eligibility for Assurance Wireless service. I authorize state or federal agency representatives to discuss with, and/or provide information to, Assurance Wireless verifying my participation in public assistance programs that qualify me for Assurance Wireless service.
- I authorize Assurance Wireless to provide access to or release any records required for the administration of Assurance Wireless service.

STEP 2

YOU MUST ✓ THE BOXES NEXT TO ALL 3 STATEMENTS, SIGN & DATE BELOW TO CONTINUE YOUR LIFELINE SERVICE.

You MUST place a ✓ next to all 3 statements, then sign and date below.
Your Annual Certification CANNOT be approved without 3 check marks and your signature.

☐ I certify that my household receives only one Lifeline benefit. To the best of my knowledge, my household is not already receiving a Lifeline benefit, **AND**

☐ I understand that I may be required to re-certify continued eligibility for Lifeline at any time. Failure to do so will result in the termination of my Lifeline benefits, **AND**

☐ I consent to have my personal identification information shared with the Universal Service Administrative Company (USAC) (the Lifeline Program administrator) and/or its agents for the purpose of confirming that neither I nor my household receives more than one Lifeline benefit.

X ______________________________

SIGNATURE (Please use blue or black ink.)

______________ **DATE**

X ______________________________

PRINTED NAME

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wireless
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DON'T LOSE YOUR LIFELINE SERVICE.

YOU MUST COMPLETE ANNUAL CERTIFICATION BY 12/31/12.

Call 1-888-653-9262 or visit assurancewireless.com and click on 'Annual Certification.'

854261

URGENT NOTICE:

YOU MUST CERTIFY LIFELINE ELIGIBILITY TO KEEP YOUR ASSURANCE WIRELESS SERVICE.

PLEASE READ CAREFULLY – YOU ARE ABOUT TO LOSE YOUR LIFELINE SERVICE:

- Our records indicate you have not completed your Annual Certification of Lifeline eligibility required to continue to receive Lifeline service from Assurance Wireless.
- Federal regulations require all Lifeline participants to certify continued eligibility for the Lifeline Assistance program by December 31, 2012.
- **Failure to certify by December 31, 2012 will result in loss of Lifeline service from Assurance Wireless.**

CERTIFY TODAY!

Call 1-888-653-9262 and follow the simple prompts or visit assurancewireless.com and click on 'Annual Certification.'

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Coverage not available everywhere. Restrictions apply.