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October 11, 2016

Ms. Robin Ancona
Director – Telecommunications Division
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

**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**
Case No. U-16465
Case No. U-15966

Dear Ms. Ancona:

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 Michigan 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 the 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 any customers and, as explained below, serves the public interest of consumers in Michigan.

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 Michigan, 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 December 6, 2011 in Case No. U-16465. The Company currently serves approximately 17,812 Lifeline customers in Michigan. 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 Michigan in Case No. U-15966, and the District of Columbia to provide wireless Lifeline services under the Assurance Wireless brand.¹ Virgin Mobile currently serves approximately 99,326 Lifeline customers in Michigan.

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.² The transaction consists of two central elements:

¹ Virgin Mobile was designated as an ETC by the Commission to provide Lifeline services on March 18, 2010 in Case No. U-15966.

² 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

Transfer of Majority Interests in i-wireless to Sprint

At closing, Sprint will acquire 70% of the indirect interests in i-wireless.³ 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 approvals are obtained, i-wireless will upgrade its Lifeline service offerings to match and more often 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 its Assurance Wireless Lifeline customer base to i-wireless. 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 C** 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.⁴ 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.⁵

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

and Order, Further Report and Order, and Order on Reconsideration, FCC 16-38 (rel. Apr. 27, 2016) (Lifeline Modernization Order).

³ 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).

⁴ The structure of i-wireless data "top-up" offerings will vary from those available through Virgin Mobile.

⁵ A prior version of this letter sent to Staff on August 31, 2016 indicated that i-wireless would be filing a separate application to expand its ETC service area. Since that time it has been determined that as no Assurance Wireless customers reside in areas of Michigan for which i-wireless is not designated as an ETC, such an application is not necessary and will not be filed. All other aspects of the August 31, 2016 letter are unchanged.

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	500 minutes + unlimited texts + 50 MB data	Plans at or exceeding the FCC’s Lifeline minimum standards with a likely focus on broadband
Access Wireless Customers	250 minutes + unlimited texts		

* 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 500-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.⁶ Within forty-five days of closing, customers of the i-wireless 250-minute Lifeline plan also will be migrated to the new 500-minute plan.⁷ At the end of the forty-five-day period, with the migration of i-wireless customers completed, the 250-minute plan will be cancelled.⁸

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 D**.

⁶ Certain Assurance Wireless customers pay for plans with additional minutes, text and data. These customers will be transitioned to the 500-minute plan described above, with the opportunity to purchase comparable i-wireless “top-up” services to enhance their plans.

⁷ This transition is necessary because i-wireless customers have their minutes loaded at different days during the month based on their service initiation date.

⁸ 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 500-minute plan.

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 to the transaction, with most receiving increased minutes, texts and/or data.⁹ 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 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.

⁹ 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.

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