



and interstate highways.<sup>3</sup> U.S. Cellular’s goal is to provide rural Illinois consumers with high-quality wireless service everywhere they live, work and play.

U.S. Cellular faces the same obstacle to providing universal service in rural Illinois as the ILECs. That is, sufficient network facilities cannot be constructed in most areas within rural Illinois to provide high-quality service unless high-cost support is provided. Congress recognized this fact in 1996, when it amended the Communications Act of 1934 (the “Act”) to provide for the receipt of universal service support by those seeking to compete with wireline incumbents.<sup>4</sup> In making those amendments, Congress declared as one of its goals to ensure that consumers in rural areas have comparable choices in telecommunications service at comparable rates to those available in urban areas.<sup>5</sup> Moreover, Congress intended its amendments “to provide for a pro-competitive, de-regulatory national policy framework” aimed at fostering rapid deployment of telecommunications services to all Americans “by opening all telecommunications markets to competition. . . .”<sup>6</sup>

Congress did not intend to limit the benefits of competition to urban areas where market forces alone would attract multiple carriers. As part of the 1996 legislation, Congress amended Section 214 of the Act to make universal service subsidies available to competitors willing to take on ETC obligations, including rural areas.<sup>7</sup> The Act explicitly envisions the receipt of federal universal support by competitors in non-rural areas upon request, and in rural areas upon

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<sup>3</sup> Exh. 9 at Appendix A.

<sup>4</sup> 47 U.S.C. § 214(e)(2) (“Upon request and consistent with the public interest, convenience, and necessity, the State commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the State commission, so long as each additional requesting carrier meets the requirements of paragraph (1).”).

<sup>5</sup> 47 U.S.C. § 254(b)(3).

<sup>6</sup> See Joint Explanatory Statement of the Committee of Conference, H.R. Conf. Rep. No. 458, 104<sup>th</sup> Cong., 2d Sess. At 113.

<sup>7</sup> See 47 U.S.C. §§ 214(e)(2), 254(b)(3).

a “public interest” finding by the state commission.<sup>8</sup> Thus, Congress and the FCC have made clear that the advancement of universal service and the promotion of competition are dual goals that must be served equally.<sup>9</sup>

While preserving state authority to make competitive ETC (“CETC”) designations and adopt universal service rules, Congress mandated that states do so “on a competitively neutral basis.”<sup>10</sup> Consistent with this congressional directive, the FCC adopted the principle of competitive and technical neutrality to guide the implementation of the Act’s universal service provisions.<sup>11</sup> The principle of competitive and technological neutrality requires “that any telecommunications carrier using any technology, including wireless technology, is eligible to receive universal service support if it meets the criteria under section 214(e)(1).”<sup>12</sup> U.S. Cellular’s designation as an ETC is consistent with this additional principle. In making ETC designations that are competitively and technologically neutral, the FCC has consistently rejected

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<sup>8</sup> See 47 U.S.C. § 214(e)(2).

<sup>9</sup> See 47 U.S.C. §§ 254(b)(3), (5); *Federal-State Joint Board on Universal Service, Report and Order*, 12 FCC Rcd 8776, 8802 (1997) (“*First Report and Order*”) (“Commenters who express concern about the principle of competitive neutrality contend that Congress recognized that, in certain rural areas, competition may not always serve the public interest and that promoting competition in these areas must be considered, if at all, secondary to the advancement of universal service. We believe these commenters present a false choice between competition and universal service.”) (footnote omitted)

<sup>10</sup> 47 U.S.C. §§ 253(a), (b) (“No State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service. [ . . . ] Nothing in this section shall affect the ability of a State to impose, on a competitively neutral basis and consistent with Section 254, requirements necessary to preserve and advance universal service, protect the public interest and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers.”)

<sup>11</sup> See *First Report and Order*, 12 FCC Rcd at 8801-02 (“competitive neutrality means universal service support mechanisms and rules neither unfairly advantage nor disadvantage one provider over another, and neither unfairly favor nor disfavor one technology over another”). Across the country, dozens of wireless carriers have been designated as ETCs.

<sup>12</sup> See *id.* at 8858.

ILEC arguments that introducing a wireless CETC will harm universal service.<sup>13</sup> In fact, the FCC has repeatedly emphasized the health, safety, economic and competitive benefits that come with the increased access to high-quality wireless service in rural areas as a result of ETC designation.<sup>14</sup>

In its Petition, its discovery responses, and in its pre-filed testimony, U.S. Cellular has amply demonstrated to the Commission: (1) its capability to offer universal service throughout its proposed service area; (2) a commitment to advertise the supported services; (3) that the public interest would be served by a grant of its Petition; and (4) the proposed redefinition of several affected ILECs comports with the FCC's rules.

The public benefits that will result from granting U.S. Cellular the ability to compete on a level playing field with ILECs are compelling. Consumers in rural areas who receive improved service as a result of U.S. Cellular making substantial investments in its network will for the first time have a choice among *primary* service offerings. In every area where U.S. Cellular is able to construct a new cell site, consumers will immediately see universal service benefits in the form of improved health, safety, and economic development benefits of wireless, along with the introduction of competition that will force ILECs to respond in the marketplace – all to the *consumers'* benefit.<sup>15</sup>

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<sup>13</sup> Indeed, the FCC has recognized that assertions by ILECs that competition in rural areas would harm the public “present a false choice between competition and universal service.” *See First Report and Order*, 12 FCC Rcd at 8803.

<sup>14</sup> *See, e.g., RCC Minnesota, Inc. and RCC Atlantic, Inc.*, DA 05-2673 (Wireline Comp. Bur., rel. Oct. 7, 2005) (“*RCC New Hampshire Order*”) at ¶ 21; *Advantage Cellular Systems, Inc.*, 19 FCC Rcd 20985, 20992-93 (2004) (“*Advantage Tennessee Order*”); *Highland Cellular, Inc.*, 19 FCC Rcd 6422, 6432-33 (2004) (“*Highland Cellular*”); *Virginia Cellular, LLC*, 19 FCC Rcd 1563, 1575-76 (2004) (“*Virginia Cellular*”); *Guam Cellular and Paging, Inc. d/b/a Guamcell Communications*, 17 FCC Rcd 1502, 1508 (2002) (“*Guamcell Order*”); *Western Wireless Corp.*, 16 FCC Rcd 48, 55 (2000) (“*WWC Wyoming Order*”), *Order on Reconsideration*, 16 FCC Rcd 19144, 19152 (2001) (“*WWC Wyoming Recon. Order*”).

<sup>15</sup> As Witness Hunter stated: “ETC status will give U.S. Cellular the opportunity to improve our network and improve service to our customers in ways that we will not be able to accomplish without such support. We believe this federal program, which has already benefited most of Illinois’ citizens by introducing basic telephone service provided by ILECs, can now provide us with an opportunity to bring high-quality wireless service to rural consumers. Even if support is insufficient at first, we believe it is a risk worth taking on the theory that if our timing and

## **II. DISCUSSION**

### **A. U.S. CELLULAR MEETS THE REQUIREMENTS TO BE DESIGNATED AS AN ETC IN THE STATE OF ILLINOIS.**

#### **1. U.S. Cellular Has Committed to Offer the Nine Supported Services Throughout Its Proposed ETC Service Area as Required by Federal Law.**

To be designated as an ETC, 47 C.F.R. § 54.101(a) requires U.S. Cellular to demonstrate that it is capable of offering and advertising the nine supported services throughout its proposed ETC service area, specifically: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency (“DTMF”) signaling or its functional equivalent; (4) single-party service or its functional equivalent; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income customers. U.S. Cellular has demonstrated that it can provide all nine services.<sup>16</sup> Neither the Illinois Independent Telephone Association (“IITA”) nor SBC Illinois (“SBC”) (collectively, the “ILECs”) have rebutted U.S. Cellular’s demonstration that it provides all the required services. Other states, including Washington, Oregon, Maine, Iowa, and Wisconsin have all previously found, in granting ETC status to U.S. Cellular, that U.S. Cellular offers the nine supported services.<sup>17</sup>

An ETC must offer and advertise its services, using its facilities or a combination of facilities and resale, throughout the proposed ETC service area.<sup>18</sup> “Federal law does not require

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execution are good, we have an opportunity to enter these markets as a facilities-based competitor sooner rather than later—or never.” Exh. 12 at p. 5, lines 89-96.

<sup>16</sup> Exh. 1 at p. 2, lines 27-30; Exh. 12 at p. 4, lines 74-87; Petition at pp. 4-8.

<sup>17</sup> See, e.g., United States Cellular Corp., Docket No. UT-970345, *aff’d*, Wash. Indep. Tel. Ass’n v. WUTC, 65 P.3d 319 (Wa. 2003) (Wash. Util. and Transp. Comm’n, Jan. 27, 2000) (“U.S. Cellular Washington Order”); United States Cellular Corp., Docket No. 8225-TI-102 (Wisc. Public Serv. Comm’n, Dec. 20, 2002) (“U.S. Cellular Wisconsin Order”); United States Cellular Corp., Docket No. 199 IAC 39.2(4) (Iowa Util. Bd., Jan. 15, 2002) (“U.S. Cellular Iowa Order”), United States Cellular Corp., Docket No. UM 1084 (Oregon Public Utility Comm’n, June 24, 2004.) (“U.S. Cellular Oregon Order.”).

<sup>18</sup> 47 U.S.C. Section 214(e)(1)(a).

the applicant to already be providing these services prior to ETC designation.”<sup>19</sup> Indeed, ILECs have constructed networks over many decades while receiving implicit and explicit support.<sup>20</sup> Consistent with the statute, U.S. Cellular has committed to offer and advertise the supported services throughout its proposed ETC service area, and to provide service to consumers upon reasonable request.<sup>21</sup>

Recently, the FCC adopted rules establishing criteria to be used when the FCC designates ETCs.<sup>22</sup> U.S. Cellular’s certifications as to its commitment to provide the supported services are consistent with those accepted by the FCC.<sup>23</sup> U.S. Cellular has committed under oath to “use all available high-cost support to improve our network infrastructure to offer Illinois’s rural consumers the highest possible service quality.”<sup>24</sup>

2. U.S. Cellular Will Advertise the Availability of Supported Services Throughout its Proposed Service Area.

As required by 47 C.F.R. § 54.201(d)(2) of the FCC’s rules, U.S. Cellular has certified to its commitment to advertise the supported services throughout its proposed ETC service area.<sup>25</sup>

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<sup>19</sup> *In the Matter of Application of GCC License Corp. seeking Designation as an Eligible Telecommunications Carrier*, Application No. C-1889, *Order Granting ETC Status and Issuing findings*, ¶34 (Neb. PSC, Nov. 21, 2000), *Aff’d, In re Application No. C-1889 of GCC License Corp.*, 264 Neb. 167, 647 N.W. 2d 45 (2002).

<sup>20</sup> See Exh. 3 at p. 34, lines 619-26; *id.* at pp. 44-45, lines 805-20.

<sup>21</sup> See Petition at pp. 4-8; Exh. 1 at pp. 5-7, lines 118-41; Exh. 12 at pp. 6-7, lines 133-41. See also Exh. 13 at p. 8, lines 166-7 (“First, let me make clear that U.S. Cellular’s commitment to respond to all reasonable requests for service and to offer its services throughout its proposed ETC service area is immediate.”)

<sup>22</sup> *Federal-State Joint Board on Universal Service, Report & Order*, 20 FCC Rcd 6371 (2005) (“*ETC Report and Order*”).

<sup>23</sup> See, e.g., *RCC New Hampshire Order. supra: Virginia PCS Alliance, L.C. and Richmond 20 MHz LLC d/b/a NTELOS*, CC Docket 96-45, DA 05-1663 at ¶ 12 (rel. June 14, 2005) (“*NTELOS ETC Order*”); *Public Service Cellular*, 20 FCC Rcd 6854, 6859 (2005) (“*Public Service Cellular*”); *Sprint Corp.*, 19 FCC Rcd 22663, 22667 (2004) (“*Sprint ETC Order*”); *Advantage Tennessee Order. supra: ALLTEL Communications, Inc.*, 19 FCC Rcd 20496, 20500 (2004) (“*ALLTEL*”); *NPCR, Inc. d/b/a Nextel Partners*, 19 FCC Rcd 16530, 16535 (2004) (“*Nextel Partners*”); *Highland Cellular, supra; Virginia Cellular, supra.*

<sup>24</sup> See Exh. 13 at p. 14, lines 316-17.

<sup>25</sup> *Id.* at p. 3, lines 48-52.

U.S. Cellular has also committed to reach out to the communities it serves and provide Lifeline and Link-Up services to low income customers.<sup>26</sup> U.S. Cellular's certification as to its commitment is consistent with that which the FCC has accepted in a number of cases, including *Virginia Cellular*.<sup>27</sup>

**B. GRANT OF U.S. CELLULAR'S PETITION WILL SERVE THE PUBLIC INTEREST IN ILLINOIS.**

As discussed above, a central tenet of federal universal service policy is that consumers in rural areas are entitled to the same kind of choices of telecommunications services as those in urban areas.<sup>28</sup> Wireless consumers pay into the federal fund and they are entitled to receive the benefits that the fund provides, yet, to date, the overwhelming majority of their universal service dollars flow to ILECs.<sup>29</sup> Many rural areas in Illinois do not enjoy the same service quantity and quality as its urban centers.<sup>30</sup> Witness Hunter testified, "In connection with our aggressive roll out of services, I have visited many small communities in the state as our network expands. I have met with community leaders and potential customers in southern Illinois who have made clear that wireless service in their area unacceptably poor. They are ready for our service NOW."<sup>31</sup>

The city of Bunker Hill has gone so far as to adopt a resolution acknowledging "the very poor and most of the time no cellular service in the Bunker Hill, IL area, as well as most of Southern Macoupin County;" and requesting a solution from the FCC and Congress. The

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<sup>26</sup> *Id.*

<sup>27</sup> *See supra*, n. 19.

<sup>28</sup> *See* 47 U.S.C. § 254(b)(3).

<sup>29</sup> Today, wireless consumers nationwide pay roughly \$1.00 per month in universal service support, or approximately \$2 billion per year. (Roughly 180,000,000 subscribers multiplied by average cellular revenue of \$40.00, multiplied by the federal safe harbor of 28%, multiplied by a 10% contribution factor).

<sup>30</sup> *See* Exh. 10 at Response 1.39.

<sup>31</sup> Exh. 13 at p. 20, lines 450-53.

Village Board of Palmyra passed a similar resolution.<sup>32</sup> ETC designation is the solution implemented by Congress in the 1996 Act and developed over the past nine years by the FCC. High-cost support funds are to be used by qualified competitors like U.S. Cellular to construct new infrastructure in rural areas to bring the benefits of modern technology to small towns and rural areas that would not otherwise receive them any time soon, if ever.

Under federal universal service rules, IITA members will not lose universal service support as a result of U.S. Cellular's designation.<sup>33</sup> Therefore, by opposing U.S. Cellular's Petition, the ILECs have revealed that they are interested in only one thing: preventing U.S. Cellular from improving its service in rural Illinois so that their constituent companies can retain their monopoly on the local exchange marketplace indefinitely.<sup>34</sup> Consumers in rural Illinois deserve more, and they will get much more if U.S. Cellular's Petition is granted as proposed.

1. A Proper Definition of the "Public Interest" Will Establish Conclusively That U.S. Cellular's Petition Meets the Public Interest Prerequisite for ETC Designation in Rural Areas in Illinois.

The public interest must be determined by following guidance provided by Congress in adopting the Telecommunications Act of 1996 ("1996 Act") and the FCC in its enabling orders.<sup>35</sup> The overarching principles embodied in the 1996 Act are to "promote competition and

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<sup>32</sup> Copies were provided as Exhibit F to the Petition.

<sup>33</sup> 47 C.F.R. § 54.307. Additionally, vigorous lobbying on Capitol Hill has successfully insulated ILECs from any rule changes that would restrict support to a consumer's "primary line." Accordingly, if a consumer exclusively uses U.S. Cellular service for voice calling and retains wireline service for the occasional use of a fax machine, that ILEC will continue to receive the full amount of support associated with that customer.

<sup>34</sup> ILEC concerns about growth in the size of the federal universal service fund due to designation of competitive ETCs are disingenuous. ILECs have expressed no concern about the fact that the high-cost portion of federal universal service has increased from \$1.72 billion to \$3.46 billion over just the past five years, a more than twofold increase. *See Federal-State Joint Board Monitoring Report, October 2004, at Table 3.1.* Over 86% of that increase has gone to ILECs. *See id.* at Table 3.2. The Monitoring Report can be viewed on the FCC's web site at <http://www.fcc.gov/wcb/iatd/monitor.html>.

<sup>35</sup> Pub. L. No. 104-104, 110 Stat. 56 (1996). *See also First Report and Order, supra; Federal-State Joint Board on Universal Service, Ninth Report and Order and Eighteenth Order on Reconsideration, 14 FCC Rcd 20432 (1999) ("Ninth Report and Order"); Federal-State Joint Board on Universal Service, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking, 16 FCC Rcd 11244 (2001)*

reduce regulation . . . secure lower prices and higher quality services . . . and encourage the rapid deployment of new telecommunications technologies.”<sup>36</sup> In its implementing orders, the FCC ruled that the pro-competitive and deregulatory directives from Congress required universal service support mechanisms to be competitively neutral and portable among eligible carriers.<sup>37</sup>

This Commission must determine whether designation of U.S. Cellular as an ETC will promote the principles embodied in the 1996 Act, specifically the goal of ensuring that consumers in rural, insular, and high-cost areas “have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, *that are reasonably comparable to those services provided in urban areas and are available at rates that are reasonably comparable to rates charged for similar services in urban areas.*”<sup>38</sup> In evaluating whether U.S. Cellular’s designation will fulfill these objectives, the Commission may properly consider, for example, U.S. Cellular’s intent and ability to bring high-quality service and a broad array of rate plans and local calling options to Illinois consumers. This Commission also can and should consider the competitive response that may result from upgrading and expanding U.S. Cellular’s network, which may “provide incentives to the incumbent to implement new operating efficiencies, lower prices, and offer better service to its customers.”<sup>39</sup>

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(“*Fourteenth Report and Order*”). See also *NAACP v. FPC*, 425 U.S. 662, 669 (1976); accord, e.g., *Office of Communication of the United Church of Christ v. FCC*, 707 F.2d 1413, 1427 (D.C. Cir. 1983); *Bilingual Bicultural Coalition on Mass Media, Inc. v. FCC*, 595 F.2d 621, 628 & n.22 (D.C. Cir. 1978).

<sup>36</sup> 1996 Act (preamble).

<sup>37</sup> *First Report and Order*, *supra*, 12 FCC Rcd at 8801, 8861-62; *Ninth Report and Order*, *supra*, 14 FCC Rcd at 20480.

<sup>38</sup> 47 U.S.C. § 254(b)(3) (emphasis added).

<sup>39</sup> *Western Wireless Corp.*, 16 FCC Rcd 48, 57 (2000) (“*Western Wireless Wyoming Order*”), *recon. denied*, FCC 01-311 (rel. Oct. 19, 2001) (“*Western Wireless Wyoming Recon. Order*”).

The FCC's views on the public interest test to be applied in ETC designation cases, as expressed in the *ETC Report and Order*, are also relevant, although not binding. The FCC ruled that the following factors may be taken into consideration when assessing the public interest:

- increased competitive choice;
- the unique advantages and disadvantages of the competitor's service offering;
- the potential for cream-skimming in portions of rural ILEC study areas;
- the competitive ETC's commitments to improve its network and provide service upon reasonable request; and
- the impact of the designation on the universal service fund.<sup>40</sup>

Because the Commission may follow the federal scheme for its ETC designations, U.S. Cellular will include in its discussion below how U.S. Cellular's designation will accomplish each of the FCC's public interest objectives throughout its proposed ETC service area.

2. Applying the Proper Public Interest Test Makes It Clear That U.S. Cellular Should be Designated as an ETC Throughout Its Requested Service Area.

U.S. Cellular witness Don J. Wood aptly commented that the issue before the Commission is not whether the benefits of having multiple ETCs in a rural area outweighs the costs. Rather, Mr. Wood emphasized, "the relevant questions here are specific to U. S. Cellular: *Will U. S. Cellular offer services that provide benefits to consumers?*, and *Is there some fact or issue that is specific to U. S. Cellular, or to the service areas within which it seeks an ETC designation in Illinois, that would outweigh those benefits?*"<sup>41</sup> As detailed in the record, there are numerous public interest benefits which will accrue to Illinois consumers as a result of U.S. Cellular's designation.

a. Granting U.S. Cellular's Petition will advance universal service in Illinois.

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<sup>40</sup> *ETC Report and Order, supra*, 20 FCC Rcd at 6388-96.

<sup>41</sup> Exh. 3 at p. 16, lines 291-97 (emphasis in original).

To date, U.S. Cellular has invested its own funds to construct a substantial network in Illinois' rural areas, including cell sites, T-1, microwave, switching and trunking facilities.<sup>42</sup> U.S. Cellular has set forth a specific plan for using the estimated amount of federal high-cost support that may be provided to construct new network facilities in areas that are unserved or underserved by other wireless carriers.<sup>43</sup>

U.S. Cellular has explained how the provision of high-cost support will enable it to deliver to rural consumers higher quality networks that will provide them with the kinds of choices now available in urban areas.<sup>44</sup> The company has set forth a plan for using its initial draw of high-cost support to construct ten new cell sites within its proposed ETC service area in the first fifteen months following its designation.<sup>45</sup> Relatively small towns of Pekin, Galesburg, Paloma, Oak Run, Abingdon, Virginia, Avon, Lanark, Kingston Mines and Little York would receive new and improved wireless service within the first fifteen months following designation. And that is only the beginning. U.S. Cellular is prepared to submit to the Commission each year following designation a plan for using all available support to improve its network and services, including the construction of additional cell sites to benefit rural consumers.<sup>46</sup> As Mr. Hunter testified, "We commit to use all available high-cost support to improve our network infrastructure to offer Illinois rural consumers the highest possible service quality. USCC's

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<sup>42</sup> Exh. 1 at p. 1, lines 18-24; Exh. 12 at pp. 1-3, lines 22-51.

<sup>43</sup> See Exh. 13 at pp. 14-15, lines 316-331.

<sup>44</sup> See *id.* at pp. 19-21, lines 439-468.

<sup>45</sup> Petition at Exhibit G.

<sup>46</sup> Exh. 13 at pp. 16-18, lines 361-403.

current plan is to construct cell sites that would not otherwise be constructed in the absence of high-cost support<sup>47</sup>

U.S. Cellular has amply demonstrated its ability and commitment to serve consumers. U.S. Cellular has a proven track record as an ETC in other states, qualifying as an ETC and filing periodic compliance reports to demonstrate its use of support, all of which is relevant here. For example, U.S. Cellular has set forth specific accomplishments it has achieved in Washington relating to its performance as an ETC, including the construction of new cell sites, an overlaid digital service, upgrading of its switch, additional channel capacity, and investment in backhaul links to provide rural consumers with a high-quality network.<sup>48</sup> All of these investments advance universal service by making the nine supported services available to a greater number of people living in high-cost areas.

The FCC has put in place every incentive for CETCs to construct additional facilities in high-cost areas. In particular, a CETC receives support only after it gets a customer and receives no support for customers it serves via resale.<sup>49</sup> In addition, while ILECs lose no support upon losing a customer, a CETC loses support if it loses the customer. Thus, to succeed in obtaining customer revenue and high-cost support, U.S. Cellular must first construct facilities, then convince consumers to choose – and stay with – its service. Through its process for provisioning service, U.S. Cellular has demonstrated its commitment to offer service throughout its proposed ETC service area.<sup>50</sup>

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<sup>47</sup> *Id.* at pp. 14-15, lines 316-21.

<sup>48</sup> *See id.* at pp. 1-2, lines 16-26; pp. 11-12, lines 252-54.

<sup>49</sup> *See* 47 C.F.R. §§ 54.307(a), (b).

<sup>50</sup> Exh. 1 at pp. 5-7, lines 188-41; Exh. 13 at p. 8, lines 166-74. *See ETC Report and Order, supra*, 20 FCC Rcd at 6380-81.

b. Granting U.S. Cellular's Petition will lead to improved service quality.

Improving service quality and consumer choice is critical to advancing universal service. The most critical component of service quality is service availability – in the wireless world that means coverage. As witness Borner testified, “[t]he primary benefit of high-cost support is that it will enable us to fill in areas that have demand for service but presently have weak or non-existent signal. It is our desire to provide improved service to customers in areas with insufficient signal coverage and to extend service to persons who are not today able to receive it.”<sup>51</sup>

U.S. Cellular has also set forth a detailed recitation of its service quality *in every area where it provides service*.<sup>52</sup> Without unduly repeating U.S. Cellular's testimony, we note specifically:

U.S. Cellular offers a reliable network that is engineered to provide a call completion rate of approximately 98%, which is commensurate with the wireline industry norm.<sup>53</sup> All cell sites have backup batteries, and key sites are equipped with diesel generators that can run indefinitely with refueling.<sup>54</sup> The company has 30 portable diesel generators that can be moved to individual cell sites in the event of an outage.<sup>55</sup> Each cell site is monitored 24/7 and equipped with alarms to alert technicians of problems.<sup>56</sup>

U.S. Cellular keeps long office hours 6:00 AM – 11:00 PM seven days a week<sup>57</sup> Its work crews respond immediately to outages 24/7 with a response time averaging 30 minutes.<sup>58</sup>

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<sup>51</sup> Exh. 1 at p. 2, lines 40-43.

<sup>52</sup> *Id.* at pp. 3-5, lines 53-115. *See also* Exh. 13 at pp. 11-14, lines 232-313.

<sup>53</sup> *See* Exh. 1 at p. 4, line 81; Exh. 13 at p. 11, lines 241-44. *See also* Exh. 11 at Response 2.01 and App. A-1, slide 8 (proprietary).

<sup>54</sup> Exh. 1 at p. 3, lines 59-62.

<sup>55</sup> *Id.* at p. 3, lines 62-63.

<sup>56</sup> *Id.* at p. 3, lines 68-69; Exh. 13 at p. 12, lines 264-67.

<sup>57</sup> Exh. 1 at p. 13, line 87.

<sup>58</sup> *Id.* at p. 3, lines 56-57.

Customer comments and complaints are forwarded to the company's operations department to enable it to monitor network performance and improve customer service.<sup>59</sup> With over 800,000 customers in the state, the company has had only 88 complaints to the ICC in 2004, and 85 to the FCC. That is a complaint rate of only 0.2 per 1000 handsets in 2004.<sup>60</sup> U.S. Cellular has successfully implemented E-911 Phase II on a timely basis in response to every PSAP request it has received in Illinois.<sup>61</sup>

U.S. Cellular has submitted a "real world" map of its existing coverage in its proposed ETC service area.<sup>62</sup> From a high-level view, it is easy to see that there are substantial areas within the proposed ETC service area that today have no coverage and many areas that have service quality that needs to be improved. The green areas on the map, which are the strongest signal areas, are clustered in the highest-density cities, towns, and highways, precisely where a company would be expected to build facilities without high-cost support. This high-level view does not include "dead spots", which could only be viewed with a very high-resolution map. As the FCC has said, dead spots are presumed, but do not affect a carrier's qualifications to be an ETC.<sup>63</sup> Nevertheless, by becoming an ETC, U.S. Cellular must address requests for service that come from consumers living within dead spots using the accepted process for provisioning service adopted in *Virginia Cellular* and the *ETC Report and Order*.

The Commission can conclude that this map demonstrates that U.S. Cellular provides high-quality service in some areas within its proposed ETC boundary, but does not currently

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<sup>59</sup> *Id.* at p. 4, lines 83-85.

<sup>60</sup> Exh. 13 at p. 14, lines 302-13.

<sup>61</sup> Exh. 1 at p. 5, lines 103-12.

<sup>62</sup> *See* Exh. 9 at Appendix A.

<sup>63</sup> *See Virginia Cellular, supra.* 19 FCC Rcd at 1573-74 ("Because 'dead spots' are acknowledged by the Commission's rules, we are not persuaded by the Virginia Rural LECs that the possibility of dead spots demonstrates that Virginia Cellular is not willing or capable of providing acceptable levels of service throughout its service area.")

provide high-quality service throughout its proposed ETC service area. This finding would be consistent with the FCC and literally dozens of other states that have granted ETC status to wireless carriers that have successfully covered low-cost, high-density areas without support, but have not extended service to high-cost areas.<sup>64</sup> The most recent example is Nebraska, where the state commission designated a wireless carrier that had actual coverage in small portions of its requested ETC service area, noting that the carrier had supplied plans to expand its service in rural areas and committed to report annually on its ETC expenditures.<sup>65</sup>

U.S. Cellular has also submitted a map illustrating what it will do with the initial draw of high-cost support to improve its network. The company has proposed to construct ten new cell sites that would not be constructed without support in the first year after becoming an ETC and plotted them on the map for the Commission's reference.<sup>66</sup> Assuming the universal service system continues to provide support to competitors, U.S. Cellular's commitment to provide ten communities with new or improved service is only the beginning. As stated above, U.S. Cellular intends to propose additional construction each year to knit together a wireless network that is capable of serving rural Illinois consumers everywhere they live, work and play. Additionally the company has committed to provide the Commission with future build plans according to the Commission's rules.<sup>67</sup>

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<sup>64</sup> See, e.g., *Nextel Partners, supra*, 19 FCC Rcd at 16538-39; Alaska DigiTel, Docket U-02-39, Order No. 10, Order Granting Eligible Telecommunications Carrier Status and Requiring Filings (Aug. 28, 2003) ("ADT Alaska Order"); East Kentucky Network d/b/a Appalachian Wireless, Docket No. 2005-00045 (Ky. PSC, Aug. 11, 2005) ("East Kentucky Network Order"); NCPR, Inc. d/b/a Nextel Partners, Docket No. U-27289 (La. PSC, June 9, 2004) ("Nextel Louisiana Order"); U.S. Cellular Maine Order, *supra*; U.S. Cellular Oregon Order, *supra*; RCC Minnesota, Inc. and Wireless Alliance, L.L.C. d/b/a UniceL, TC03-193 (S.D. PUC, June 6, 2005) ("RCC South Dakota Order"); RCC Atlantic, Docket No. 6394 (Vt. Pub. Serv. Bd., Sept. 29, 2004) ("RCC Vermont Rural Order"); U.S. Cellular Washington Order, *supra*.

<sup>65</sup> See N.E. Colorado Cellular, Inc. d/b/a Viaero Wireless, Application No. C-3324 (Neb. PSC, Oct. 18, 2005) ("Viaero Nebraska Order") at p. 8.

<sup>66</sup> See Exh. 9 at Appendix. B.

<sup>67</sup> See Exh. 13 at p.16, lines 346-48.

Without introducing a company witness who understands the market in central and southern Illinois, or a witness who is a radiofrequency engineer, the ILECs have attempted to demonstrate that U.S. Cellular's showing is not sufficient.<sup>68</sup> No ILEC witness claims that U.S. Cellular provides service throughout the rural portions of its proposed ETC service area, or that substantial new network facilities are not needed. Indeed, Mr. Schoonmaker devotes a substantial portion of his direct testimony on the subject to largely proving U.S. Cellular's case – that the company does not currently offer high-quality service throughout its proposed ETC service area, especially those areas that are sparsely populated or otherwise difficult to reach with a high level of wireless signal.<sup>69</sup>

IITA fails to make a coherent argument about U.S. Cellular's radiofrequency coverage. On the one hand, Witness Schoonmaker argues that no “*additional* competition” will result from a grant of the Petition “given that U.S. Cellular is already in many of the affected service areas.”<sup>70</sup> Based on this statement, were U.S. Cellular currently offering high-quality service throughout its network, one would expect Mr. Schoonmaker to argue that U.S. Cellular's petition should be denied because it does not need high-cost support. Yet he then goes to great lengths to demonstrate that U.S. Cellular is *not* serving many rural areas, and he makes the wholly contradictory argument that designation should be issued only where service is already being provided – a novel idea that has never been adopted by any state or the FCC.<sup>71</sup> It is easy to understand why. The entire purpose of ETC designation is to improve service. If, as Mr. Schoonmaker proposes, ETC designation is denied in areas where signal is weak, then how could

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<sup>68</sup> Neither Mr. Schoonmaker nor his purportedly commissioned expert, Glenn Brown, are radiofrequency engineers.

<sup>69</sup> *See, e.g.*, Exh. IITA-1 at p. 64.

<sup>70</sup> *Id.* at p. 50, lines 1154-56 (emphasis in original).

<sup>71</sup> *Id.* at p. 59, lines 1348-52 (“To the extent that the signal coverage provides adequate coverage of the areas that U.S. Cellular is seeking to be designated an ETC, that would be a positive factor in the public interest test for their receiving such a designation. To the extent that such signal coverage is not adequate, that would clearly be a negative factor in the public interest test for [] receiving that designation.”).

any petitioner use support generated by its existing network to improve service in the poorly served areas?

Mr. Schoonmaker's maps and "analysis" are completely irrelevant to this proceeding and should be given no weight.<sup>72</sup> The FCC has never undertaken such an analysis, nor are we aware of any other state that has denied an ETC petition because the petitioner does not have a network that delivers high-quality service throughout the proposed ETC service area. Indeed, Mr. Schoonmaker's proposition, that U.S. Cellular's petition should be denied because its present coverage does not deliver a high-quality service to Illinois consumers, is exactly wrong. U.S. Cellular's petition should be GRANTED because its present coverage does not deliver high-quality service throughout its proposed ETC service area and the Commission should see to it that U.S. Cellular uses support to improve its network to the benefit of Illinois consumers.

In sum, the improved service quality, reliability, and increased choices to rural Illinois will be dramatic. The only relevant maps in this proceeding are those submitted by U.S. Cellular in response to the Commission's data requests – showing where it currently has coverage and how coverage will improve as a result of its initial draw of support. In every area where U.S. Cellular constructs a new cell site, consumers will receive the benefits described above. Moreover, U.S. Cellular is willing to submit plans and undergo continuing Commission review of its plans to ensure that support is used to expand its network consistent with the support that is actually provided.<sup>73</sup> U.S. Cellular's sworn testimony concerning its high-quality service provides

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<sup>72</sup> Indeed, the only conclusions Mr. Schoonmaker has drawn from his analysis are that U.S. Cellular serves some rural areas and does not serve others – facts that U.S. Cellular would stipulate to. U.S. Cellular concedes that its network needs substantial investment to provide consumers with high-quality service. It is completely irrelevant where precisely U.S. Cellular offers service today because its obligation to respond to all reasonable requests for service, either through its own facilities or through new facilities, is immediate. Thus, even though Mr. Schoonmaker's maps were not prepared by an RF engineer, do not accurately depict U.S. Cellular's network, do not show all of U.S. Cellular's existing cell sites, and do not take into account recent changes in the company's network, the company has not moved to strike them.

<sup>73</sup> See Exh. 13 at p. 16, lines 346-48 ("Q. Will USCC provide the Commission with a five-year plan as set forth in the FCC's guidelines? A. If required to do so, we would be pleased to.") See *also id.* at pp. 16-17, lines 363-67.

this Commission with a compelling basis to conclude that granting ETC status is in the public interest.

c. Granting U.S. Cellular's Petition will increase consumer choice.

U.S. Cellular described in detail how its service currently provides consumers with choices that are not available from ILECs, or are available *only* from ILECs.<sup>74</sup> Of course, consumers can only take advantage of U.S. Cellular's service in areas where network facilities have been constructed. High-cost support will permit U.S. Cellular to extend its service so as to increase consumer choice in more areas in Illinois.

In areas where new network facilities are constructed, U.S. Cellular will be able to deliver mobility, which the FCC and several states have found to be an important public interest benefit.<sup>75</sup> U.S. Cellular also provides consumers with a variety of local calling plans, which it believes to be equal to or superior to plans available from competing ILECs. The area within which a call can be completed without toll charges (local calling area) offered by U.S. Cellular is the contiguous United States, an area far larger than any local calling area offered by ILECs.<sup>76</sup> The area within which a customer can use a U.S. Cellular phone (local calling scope) is also larger than that of any rural ILEC. All rate plans that employ a traditional handset, at a minimum, permit consumers to originate calls from any point in U.S. Cellular's network in Illinois, Iowa, Wisconsin, Missouri, Nebraska, and Indiana without additional charge.<sup>77</sup> And, of course, this local calling scope is even more compelling when one considers that U.S. Cellular's

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<sup>74</sup> Exh. 12 at pp. 5-6, lines 100-129; Exh. 13 at pp. 3-6, lines 66-119.

<sup>75</sup> See, e.g., *ETC Report and Order*, *supra*, 20 FCC Rcd at 6391; *RCC New Hampshire Order*, *supra*, at ¶ 21; *Virginia Cellular*, *supra*, 19 FCC Rcd at 1576; *ADT Alaska Order*, *supra*, at 13; *RCC Minnesota, Inc.*, Docket No. 04-RCCT-338-ETC at pp. 24-25 (Kansas Corp. Comm'n, Sept. 30, 2004) ("RCC Kansas Order"); *Bluegrass Wireless, LLC, et al.*, Case Nos. 2005-00017 et al. at p. 6 (Ky. PSC, July 8, 2005) ("Bluegrass ETC Order"); *U.S. Cellular Maine Order*, *supra*, at p. 3; *RCC South Dakota Order*, *supra*, at p. 6; *U.S. Cellular Washington Order*, *supra*, at p. 11; *United States Cellular Corp.*, 8225-TI-102 at p. 8 (Wisc. PSC Dec. 20, 2002) ("U.S. Cellular Wisconsin Order").

<sup>76</sup> See Exh. 12 at p. 5, lines 101-05.

<sup>77</sup> *Id.* at p. 6, lines 113-16.

customers have the advantage of mobility while an ILEC's customer can only make a call from a single point at the end of a wire.

U.S. Cellular also offers a variety of features, such as voice mail, caller ID, call waiting, and call forwarding.<sup>78</sup> With a data-ready CDMA digital network platform,<sup>79</sup> U.S. Cellular is also capable of providing short messaging service ("SMS"), multimedia messaging, and other innovative services ILECs generally do not offer.<sup>80</sup> While these are not supported services, the fact that U.S. Cellular provides these services increases competition and consumer benefit, which are important public interest considerations.

d. Granting U.S. Cellular's Petition will result in health and safety benefits.

The public safety benefits from improved wireless services scarcely bear repetition. People living in rural areas increasingly depend on mobile phones to provide critical communications needs.<sup>81</sup> It is self-evident that each time U.S. Cellular adds a cell site or increases channel capacity, the number of completed calls, including important health and safety calls, will increase.

E-911, which permits a caller to be located and tracked, is useless in areas where signal is weak or non-existent. Thus, for every cell site that U.S. Cellular constructs, the reliability and performance of U.S. Cellular's basic 911 service will improve immediately and E-911 service will improve as PSAPs come on line.<sup>82</sup>

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<sup>78</sup> *Id.* at p. 6, lines 117-19; Exh. 13 at p. 4, lines 77-80.

<sup>79</sup> *See id.* at p. 12, lines 271-73.

<sup>80</sup> *See id.* at p. 24, lines 546-50.

<sup>81</sup> *See* Exh. 3 at p. 15, lines 274-79 ("The availability of even the highest quality wireline service is no substitute for a mobile service with broad geographic coverage, simply because the wireline service is often physically not there when needed. In an area where fields being worked are far from the road, and where wireline phones along the roadway are few and far between, the availability of wireless communication can literally save a life.")

<sup>82</sup> We note that the Bunker Hill and Palmyra resolutions mention the important health/safety benefits of wireless. Petition at Exhibit F.

In sum, it would be difficult to overstate the important public interest benefits relating to health and safety that will be realized by supporting improvement to critical wireless infrastructure in these rural areas.

- e. Rural Illinois consumers will reap economic development benefits as new cell sites are constructed.

Witness Wood's uncontroverted testimony confirms the economic benefits that advanced communications can provide: "When making investment and relocation decisions, companies consider the availability of telecommunications services in an area. Reliable voice services, data services, and wireless services with sufficient coverage all play a role in this process. In order to compete with their urban and suburban counterparts to attract investment and jobs, rural areas need for these services to be available."<sup>83</sup> Every area that lacks reliable wireless communication is at a disadvantage when competing for economic development opportunities. Numerous types of businesses, from high-tech companies to building contractors, are less likely to enter, or stay, in an area that does not have high-quality wireless communications to enable efficient provisioning of work and real time communication with a work force. This is precisely what Congress in the 1996 Act was attempting to address when it said that consumers in rural areas deserve the same kinds of choices in telecommunications services as those in urban areas.<sup>84</sup>

- f. Granting U.S. Cellular's Petition will stimulate a competitive response by the ILECs that will benefit the public.

One of the biggest problems rural consumers have with wireline service is that, unless all of their calling is within a very small geographic area, it is expensive. This is because local calling areas offered by most ILECs encompass only a few thousand, or even a few hundred, other numbers. At the same time, ILEC customers pay for unlimited local calling, even though average local usage was shown by Staff witness Hanson to be as low as 146 minutes per month for one ILEC.<sup>85</sup>

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<sup>83</sup> Exh. 3 at p. 14, lines 265-69.

<sup>84</sup> 47 U.S.C. §254(b)(3).

<sup>85</sup> See Staff Exh. 4.2.

Given the limited options currently available to wireline customers, we submit that if U.S. Cellular is designated as an ETC and is able to compete for local exchange customers, it will spur a competitive response from the ILECs. Some, and maybe all of the following things can be expected to occur: (1) service quality and customer service will improve; (2) new investments in plant will be made; (3) in areas where high-speed data (DSL) is not available, it will be deployed more quickly and in areas where it is available, the throughput will be improved; (4) wider local calling areas, bundled service offerings, and lower prices overall will be introduced; and (5) ILECs will begin to offer video delivery services.<sup>86</sup> These are the kinds of benefits consumers in urban areas receive today, and rural ILECs will have strong incentives to deliver as well, to ensure that they remain competitive and continue to retain and attract customers.

Without federal high-cost support being made available to improve and expand service to rural consumers, U.S. Cellular will not be able to compete for primary service in a way that would force a competitive response from the ILECs. U.S. Cellular has outlined how it offers customers a wide variety of choices. If the playing field for high-cost support is leveled, U.S. Cellular will be able to compete with ILECs for primary telephone service, which will trigger a competitive response.

- g. A grant of U.S. Cellular's Petition will not burden the federal universal service support mechanism.

The recent *FCC ETC Order* indicated that whether the size of the federal universal service support mechanism would significantly increase as a result of a proposed ETC designation could be a factor in the designation process. The FCC did not provide state

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<sup>86</sup> See Exh. 3 at p. 12, lines 227-33 (“These competitive benefits have both a short term and long term component. End user consumers will benefit in the short term from a choice of suppliers that present different technologies, and also from choosing the technology that best meets their needs. They can also select from a much broader array of service and pricing plans, and again can choose the plan that best meets their individual needs. Over the longer term, consumers will benefit as competitive market forces act to make all providers, including the ILECs, more efficient and responsive to customer needs.”)

commissions with any guidance as to what would amount to “significant.” However, it is clear that no individual designation anywhere in the country is likely to cause a significant burden on the fund.<sup>87</sup> First, over 92% of the fund goes to ILECs.<sup>88</sup> Despite all of the ILEC hyperbole about the impact of competitive ETC designations, ILECs have been on the receiving end of over 86% of the growth in the fund since 1999.<sup>89</sup> In every area where it serves, U.S. Cellular is projected to receive much less support than its wireline counterparts.<sup>90</sup> Second the high-cost portion of the fund is now over \$3 billion, which makes it impossible that the designation of any CETC in a single state will have anything but a negligible impact on the fund.<sup>91</sup>

The negligible impact of U.S. Cellular’s designation in Illinois on the fund must be weighed against the significant benefits that the designation will bring to the state. At this stage, it is impossible to conclude that this designation will unduly burden federal support mechanisms or that the projected burden is not outweighed by the benefits that will accrue to Illinois consumers.

- h. A grant of U.S. Cellular’s Petition will promote affordable telephone service in rural Illinois.

As many states have ruled, attempting to compare wireless and wireline rates is not possible because they are different services and features such as mobility do not exist in the wireline world.<sup>92</sup> The FCC has never conducted an affordability analysis in an ETC designation

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<sup>87</sup> *ETC Report and Order, supra*, 20 FCC Rcd at 6395.

<sup>88</sup> *See* Federal-State Joint Board Monitoring Report, October 2004, *supra*, at Table 3.1.

<sup>89</sup> *See id.*

<sup>90</sup> *See* Fourth Quarter Appendices – 2005, HC01, available on USAC web site at <http://www.universalservice.org/overview/filings/2005/Q4/default.asp>.

<sup>91</sup> Based on USAC’s most recent projections, U.S. Cellular will receive approximately \$7 million in high-cost support in its first year of eligibility, or about seventeen one-hundredths of one percent (0.17%) of the total federal high-cost support projected for the first year. *See supra* n.90.

<sup>92</sup> *See, e.g.,* Midwest Wireless Communications, LLC, OAH Docket No. 3-2500-14980-2, PUC Docket No. PT6153/AM-02-686, Findings of Fact, Conclusions of Law, and Recommendation at

proceeding because affordability is presumed in competitive markets.<sup>93</sup> However, U.S. Cellular offers affordable service under any objective standard. If designated, U.S. Cellular will offer rural consumers a number of rate plans that offer comparable or superior value to ILEC offerings, no matter how consumers use their phones. U.S. Cellular's lower-priced rate plans offer a wider local calling area, mobility, and a host of vertical features that the ILECs charge for.<sup>94</sup> U.S. Cellular's higher-priced rate plans compare favorably with the landline network by giving callers who move around the ability to receive calls, and to place calls without resorting to high-priced landline alternatives such as hotel phones, pay phones, or calling cards.<sup>95</sup>

The ILECs' attempt to demonstrate that U.S. Cellular's service is not affordable demonstrated exactly the opposite. What the ILECs' testimony revealed is the unfortunate trap that consumers of rural ILEC service face in every area where wireless service is unavailable:

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¶¶ 43-44 (Minn. ALJ Dec. 31, 2002) ("Midwest Minnesota ALJ Decision"), *aff'd* by Midwest Minnesota Order, *supra* ("Wireless networks are not limited by traditional exchange areas, and wireless carriers do not and cannot compete on landline terms. They have to compete for local service by offering something different and more desirable to consumers, such as mobility, larger local calling areas, or more flexible rate plans, and there is nothing in the law that requires a wireless carrier's offerings to be priced comparably to what is offered by an ILEC. A wireless carrier's rate plans simply cannot be compared service-by-service or dollar-for-dollar with an ILEC's."); *RCC Minnesota, Inc.*, Docket No. 2002-344 (Maine PUC, May 13, 2003) ("RCC Maine Order"); *Smith Bagley, Inc.*, Utility Case No. 3026, Recommended Decision of the Hearing Examiner and Certification of Stipulation at 21 (Aug. 14, 2001) ("SBI N.M. Decision"), *aff'd*, Final Order (N.M. Pub. Reg. Comm. Feb. 19, 2002).

<sup>93</sup> See generally, *NTELOS Virginia Order*, *supra*; *Public Service Cellular*, *supra*; *Advantage Cellular*, *supra*; *Nextel Partners*, *supra*; *Highland Cellular*, *supra*; *Virginia Cellular*, *supra*. See also *Policy and Rules Concerning Rates for Competitive Common Carrier Services and Facilities Authorizations Therefor, First Report and Order*, 85 FCC 2d 1, 31 (1980) ("[F]irms lacking market power simply cannot rationally price their services [or impose terms] in ways which [are unjust, unreasonable or discriminatory.] [A] non-dominant competitive firm . . . will be incapable of violating the just and reasonable standard....If it charges unreasonably high rates or imposes unreasonable terms or conditions in conjunction with the offering, it would lose its market share as its customers sought out competitors whose prices and terms are more reasonable.")

<sup>94</sup> See Exh. 10 at Appendix D.

<sup>95</sup> See Exh. 13 at p. 5, lines 105-107.

toll charges. A rural ILEC consumer is limited to just a handful of local numbers and is forced to pay toll for all other calls. Only those few consumers who call within a very small area to a very few numbers can avoid toll charges. Every other consumer, including a Lifeline customer, pays whatever the rural ILEC chooses to charge for toll, vertical features, and every other service, without any ability to choose a lower-cost alternative. Because of small rural ILEC local calling areas, most ILEC consumers would likely save money by switching to U.S. Cellular's service.

But the Commission need not determine which carrier delivers superior value – consumers can do that once U.S. Cellular's network is strong enough to compete. If U.S. Cellular's prices and features are not competitive, consumers will choose other carriers, including the ILECs — whose rates are supported by subsidies — and U.S. Cellular will not get universal service support. Perhaps most important, when U.S. Cellular's petition is granted, for the first time, low-income consumers throughout U.S. Cellular's ETC service area will have a choice of telephone service provider, as U.S. Cellular will be eligible to offer federal Lifeline and Link-up discounts.

3. The Commission Should Follow the FCC, and Numerous States that Have Designated Wireless Carriers as Competitive ETCs.

In sum, U.S. Cellular has met its burden to make a threshold showing that a grant of its Petition would serve the public interest. It has offered credible evidence that it can offer reliable and affordable service throughout its proposed ETC service area, including features such as mobility which are not available from ILECs. It has demonstrated compelling public interest benefits that will result, including increased customer choice and improvement of critical health and safety benefits. The ILECs have completely failed to present any credible or specific evidence as to how consumers would be harmed by a grant of U.S. Cellular's Petition.

This Commission should join the FCC and nearly every state in rejecting ill-founded opposition of ILECs to designation of CETCs and grant U.S. Cellular's Petition.<sup>96</sup>

**C. THIS COMMISSION SHOULD ADOPT U.S. CELLULAR'S PROPOSED REDEFINITION OF RURAL ILEC SERVICE AREAS.**

Under the federal code and FCC's rules, a competitive ETC must serve an entire rural ILEC service area in order to be eligible for support, unless the state and the FCC agree to redefine the ILEC service area.<sup>97</sup> Understanding that CMRS carriers and ILECs are not licensed along identical boundaries, the FCC has implemented procedures to redefine ILEC service areas in order to enable CETCs to serve throughout the greatest possible area and to facilitate competitive entry.<sup>98</sup> The FCC recently reaffirmed this approach, rejecting anticompetitive suggestions by ILECs that redefinition should be prohibited outright.<sup>99</sup>

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<sup>96</sup> See, e.g., *NTELOS Virginia Order*, *supra*, at ¶¶ 15-18; *Public Service Cellular*, *supra*, 20 FCC Rcd at 6860-64; *Nextel Partners*, *supra*, 19 FCC Rcd at 16537-40; *Guam Cellular and Paging, Inc. d/b/a Saipancell*, 19 FCC Rcd 13872, 13877-78 (2004) ("*Saipancell*"); *Advantage Cellular*, *supra*, 19 FCC Rcd at 20991-97; *Western Wireless Wyoming Recon. Order*, *supra*, 16 FCC Rcd at 19152; *Guam Cellular and Paging, Inc. d/b/a Guamcell Communications*, CC Docket No. 96-45, DA 02-174 (C.C.B. rel. Jan. 25, 2002) ("*Guamcell Order*"); *Cellco Partnership d/b/a Bell Atlantic Mobile*, DA 00-2895 (C.C.B. rel. Dec. 26, 2000) ("*Cellco Order*"); SBI New Mexico Decision, *supra*; U.S. Cellular Washington Order, *supra*; Smith Bagley, Inc., Docket No. T-02556A-99-0207 at p. 12 (Ariz. Corp. Comm'n Dec. 15, 2000) ("*SBI Arizona Order*"); Midwest Wireless Iowa, L.L.C., Docket No. 199 IAC 39.2(4) (Iowa Util. Bd. July 12, 2002) ("*Midwest Iowa Order*"); ALLTEL Communications, Inc., Case No. U-13765 at p. 11 (Mich. PSC Sept. 11, 2003) ("*ALLTEL Michigan Order*"); Cellular South Licenses, Inc., Docket No. 01-UA-0451 at pp. 7-8 (Miss. PSC Dec. 18, 2001) ("*Cellular South Mississippi Order*"); WWC License LLC d/b/a Cellular One, Docket No. 00-6003 (Nev. PUC Aug. 22, 2000) ("*WWC Nevada Order*"); RCC Minnesota, Inc., Docket No. UM-1083 at pp. 8-14 (Or. PUC, May 24, 2004) ("*RCC Oregon Order*"); RCC South Dakota Order, *supra*, at pp. 6-9.

<sup>97</sup> 47 U.S.C. § 214(e)(5); 47 C.F.R. § 54.207.

<sup>98</sup> See 47 C.F.R. §§ 54.207(b), (c); See also, *First Report and Order*, *supra*, 12 FCC Rcd at 8882 ("We conclude that requiring a carrier to serve a non-contiguous service area as a prerequisite to eligibility might impose a serious barrier to entry, particularly for wireless carriers.").

<sup>99</sup> See *FCC ETC Order*, *supra*, 20 FCC Rcd at 6404 ("We disagree with commenters that argue that the Commission should adopt rules prohibiting redefinition below the study area level when new ETCs are designated in an incumbent LEC's service area. In particular, we find that this proposal ignores the provision in section 214(e)(5) that allows redefinition to occur.") (footnote omitted).

The state must first determine whether to redefine an ILEC service area. Following that determination, the state or the petitioner (in this case, U.S. Cellular) must seek concurrence of the FCC.<sup>100</sup> Typically, the state grants conditional ETC status for the areas to be redefined, to take effect automatically upon a grant of concurrence by the FCC.<sup>101</sup>

The recent *ETC Report and Order* stated that, with respect to ETC petitions filed at the FCC, the minimum area that a CETC must propose to serve is an ILEC wire center.<sup>102</sup> Here, U.S. Cellular has only proposed to serve entire rural ILEC wire centers and does not propose to serve less than an entire rural ILEC wire center. U.S. Cellular has proposed to be an ETC in the

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<sup>100</sup> 47 C.F.R. § 54.207(c).

<sup>101</sup> See, e.g., *Virginia Cellular, supra*, 19 FCC Rcd at 1584 (“Upon the effective date of the agreement of the Virginia Commission with our redefinition of the service areas of Shenandoah and MGW, our designation of Virginia Cellular as an ETC for these areas as set forth herein shall also take effect. In all other areas for which this Order grants ETC status to Virginia Cellular, as described herein, such designation is effective immediately.”); *Midwest Minnesota Order, supra*, adopting ALJ’s Findings of Fact, Conclusions of Law, and Recommendation at ¶ 14 (ALJ Dec. 31, 2002) (finding that “Midwest Wireless should be designated as an ETC in its proposed service area in Minnesota” and that “[t]he [Minnesota PUC] should petition the FCC for concurrence with Midwest’s service area redefinition[.]”); *U.S. Cellular Wisconsin Order, supra*, at p. 9 (“[W]here US Cellular is asking for ETC designation in some, but not all, parts of the territory of a rural telephone company, the Commission conditionally grants ETC status in the areas for which US Cellular has requested such designation . . . If the FCC approves use of the smaller area, then US Cellular’s ETC status for the smaller area(s) becomes effective.”); *Northwest Dakota Cellular of North Dakota Limited Partnership et al., Case No. PU-1226-03-597* at p. 13 (N.D. PSC Feb. 25, 2004) (“Northwest Dakota Cellular”) (“[the applicant] (a) is designated in those study areas not requiring redefinition and, (b) in those study areas where redefinition is required under 47 C.F.R. § 54.207(c), is designated conditional upon FCC approval.”); *RCC Oregon Order, supra*, at p. 16 (“This designation is conditional on FCC approval of redefinition of the CenturyTel and Sprint service areas. To finalize the application, we will submit a petition for FCC agreement in redefinition of the service areas.”) *N.E. Colorado Cellular, Inc., Docket Nos. 00A-315T and 00A-491T* at p. 8 (Colo. PUC Dec. 21, 2001) (“NECC Colorado Order”) at Exhibit 1 pp. 6-7 (ALJ Dec. 21, 2001) (“ . . . NECC has satisfied all legal criteria for immediate designation as an ETC and should be granted such status immediately by the Commission, pending . . . any necessary FCC approval of initial [redefinition] of service areas. . . .”); *RCC South Dakota Order, supra*, at p. 14 (“The Commission finds that it is in the public interest to designate RCC as an ETC for the following redefined service areas, contingent upon the FCC’s concurrence in the redefinitions.”); *SBI Arizona Order, supra*, at 16; *SBI New Mexico Decision, supra*, at 21.

<sup>102</sup> *ETC Report and Order, supra*, 20 FCC Rcd at 6405.

greatest possible area where its facilities can reach, or where service through extensions of its existing network or resale can be used to serve requesting customers.<sup>103</sup>

Witness Wood explained why redefining ILEC service areas is consistent with the law and how it will benefit Illinois' rural consumers.<sup>104</sup> Redefinition of several ILEC service areas is warranted in this case and is essential to bring the full public interest benefits of U.S. Cellular's ETC designation to the state of Illinois.

1. Redefinition of Service Areas Is Necessary to Remove Barriers to Competitive Entry and to Permit U.S. Cellular to Invest in Rural Illinois.

U.S. Cellular is not licensed to serve the entire service territory of several rural ILECs where it proposes to be designated, some of which have portions of their study areas scattered throughout Illinois.<sup>105</sup> Unless the affected Rural ILEC service areas of Citizens, Frontier/Midland, Odin, Verizon South, and Wabash are redefined, U.S. Cellular will be unable to receive high-cost support anywhere within those Rural ILEC service areas. It will be left with a patchwork quilt of areas within its FCC-licensed area that are "ineligible." U.S. Cellular will not be able to invest high-cost support in these areas and low-income consumers will not be able to receive Lifeline and Link-up benefits from U.S. Cellular. To remove this artificial barrier to competition<sup>106</sup> and to permit federal support to be invested in the greatest possible area, U.S.

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<sup>103</sup> See Exh. 13 at pp. 9-10, lines 202-28.

<sup>104</sup> See generally Exh. 3 at pp. 65-73.

<sup>105</sup> Petition at Exhibit A. For example, Citizens and Wabash both have wire centers within U.S. Cellular's proposed ETC service area and other wire centers located far beyond the area where U.S. Cellular is licensed to serve.

<sup>106</sup> See Petition by the Colorado Public Utilities Commission, Pursuant to 47 C.F.R. §54.207(c), for Commission Agreement in Redefining the Service Area of CenturyTel of Eagle, Inc., a Rural Telephone Company (filed Aug. 1, 2002) ("in CenturyTel's service area, no company could receive a designation as a competitive ETC unless it is able to provide service in 53 separate, non-contiguous wire centers located across the entirety of Colorado . . . [T]his constitutes a significant barrier to entry."); Northwest Dakota Cellular, *supra*, at p. 12 (concluding that denying ETC status based on an applicant's inability to serve an entire study area "could essentially prohibit the [applicant's] ability to provide the supported services.")

Cellular requests redefinition of the affected Rural ILEC service areas *so that each wire center is classified as a separate service area.*<sup>107</sup>

Redefinition as requested by U.S. Cellular is exactly the same relief provided to similarly situated carriers on numerous occasions by the FCC and several state commissions. For example, in the *Virginia Cellular* case, the FCC redefined several rural ILEC service areas so that each wire center is a separate service area, and Virginia Cellular's conditional designation in those areas subsequently became effective when the state commission issued its concurrence.<sup>108</sup> In recent ETC designation orders, the FCC redefined the service areas of affected ILECs in similar circumstances.<sup>109</sup>

The WUTC's action in redefining all of the ILECs in Washington is instructive. The FCC approved WUTC's petition to redefine the ILECs' service areas so that each wire center is a separate service area, finding:

[O]ur concurrence with rural LEC petitioners' request for designation of their individual exchanges as service areas is warranted in order to promote competition. The Washington Commission is particularly concerned that rural areas . . . are not left behind in the move to greater competition. Petitioners also state that designating eligible telecommunications carriers at the exchange level, rather than at the study area level, will promote competitive entry by permitting new entrants to provide service in relatively small areas . . . We conclude that this effort to facilitate local competition justifies our concurrence with the proposed service area redefinition.<sup>110</sup>

Other state commissions have similarly redefined rural ILEC service areas so that each wire center is a separate service area, finding that such redefinition is fully justified by the pro-

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<sup>107</sup> See *id.* at p. 22 and Exhibit D.

<sup>108</sup> *Virginia Cellular, supra*, 19 FCC Rcd at 1581-84.

<sup>109</sup> *Id.* at 1581-82; *Advantage Tennessee Order, supra*, 19 FCC Rcd at 20997-99; *Public Service Cellular, supra*, 20 FCC Rcd at 6865-66.

<sup>110</sup> *Petition for Agreement with Designation of Rural Company Eligible Telecommunications Carrier Service Areas and for Approval of the Use of Disaggregation of Study Areas for the Purpose of Distributing Portable Federal Universal Service Support, Memorandum Opinion and Order*, 15 FCC Rcd 9924, 9927-28 (1999) ("Washington Redefinition Order").

competitive goals of the 1996 Act.<sup>111</sup> Similar conclusions were reached in decisions granting ETC status to wireless carriers in South Dakota, Arizona, Maine, New Mexico, Oregon, West Virginia, and Wisconsin.<sup>112</sup>

2. The Requested Redefinition Satisfies the Three Joint Board Factors Under Section 214(e)(5) of the Act.

The Commission must consider three factors in making a determination to redefine an ILEC service area: (1) whether the proposal would result in “cream skimming”;<sup>113</sup> (2) whether the ILEC would incur undue administrative burden; and (3) whether the ILEC’s status as a rural carrier would be affected.<sup>114</sup> Neither the FCC nor any state we are aware of has found that redefinition would create undue administrative burden or affect an ILEC’s status as a rural carrier, and no party has made such a showing here. Thus, the primary focus of the redefinition analysis is whether cream skimming will occur. U.S. Cellular has demonstrated that it will not.

As Mr. Wood explained, it is impossible for a competitor to intentionally cream skim because it does not incur costs in the same way as ILECs and does not possess the ILECs’ proprietary cost data needed to understand ILEC costs.<sup>115</sup> To the extent there are any legitimate concerns that competitors may receive uneconomic levels of support in low-cost areas, the

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<sup>111</sup> Midwest Minnesota ALJ Decision, *supra*, at ¶¶ 53-59 (Minn. ALJ Dec. 31, 2002); Reply Comments of the Minnesota Public Utilities Commission in CC Docket No. 96-45 at 3 (filed Sept. 9, 2003).

<sup>112</sup> See, e.g., RCC South Dakota Order, *supra*; SBI Arizona Order, *supra*; RCC Maine Order, *supra*; SBI N.M. Decision, *supra*; Northwest Dakota Cellular, *supra*; U.S. Cellular Oregon Order, *supra*; Easterbrooke Cellular Corp., Docket No. 03-0935-T-PC (W. Va. PSC, May 14, 2004) (“Easterbrooke W.V. Order”); U.S. Cellular Wisconsin Order, *supra*.

<sup>113</sup> In this context, cream skimming occurs when a competitor selectively enters low-cost portions of a high-cost service area so as to garner uneconomic levels of support. See *Fourteenth Report and Order*, *supra*, 16 FCC Rcd at 11299. The FCC has also asked state commissions to consider the possibility of unintentional or *de facto* cream skimming, which can occur even though a competitor is not selectively choosing to enter only low-cost portions of an ILEC service area. See *Virginia Cellular*, *supra*, 19 FCC Rcd at 1578.

<sup>114</sup> See *Virginia Cellular*, *supra*; *Federal-State Joint Board on Universal Service, Recommended Decision*, 12 FCC Rcd 87, 181 (1996) (“*Joint Board Recommended Decision*”).

<sup>115</sup> See Exh. 3 at pp. 70-71, lines 1298-1315.

FCC's disaggregation rules allow rural ILECs to match per-line support levels more discretely with the cost of providing service, so that higher levels of support can be moved out of low-cost areas.<sup>116</sup>

Although the FCC had previously found that cream skimming is resolved by the ILECs' ability to disaggregate support,<sup>117</sup> the agency has since used a proxy, comparing population density inside the area proposed to be served to the population density outside the area, to be served in making cream skimming determinations.<sup>118</sup> U.S. Cellular disagrees with the FCC's reliance on population density, in part because it is not an accurate proxy and it disregards the FCC's disaggregation rules, which were set up specifically as a solution to cream skimming.<sup>119</sup> The FCC's ruling on this issue has been appealed to the courts, and recent decisions by other states make it clear that the FCC's shift in position is not binding on states.<sup>120</sup> Nonetheless, U.S. Cellular has provided the same analysis here for the Commission to consider.

In each instance where U.S. Cellular has proposed to serve less than an entire Rural ILEC service area, U.S. Cellular has proposed to be designated in complete wire centers and its

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<sup>116</sup> See *id.* at p. 70, lines 1292-97.

<sup>117</sup> See, e.g., *WWC Wyoming Recon. Order*, *supra*, 16 FCC Rcd at 19149; *Western Wireless Corp., Petition for Designation as an Eligible Telecommunications Carrier for the Pine Ridge Reservation in South Dakota*, 16 FCC Rcd 18133, 18141 (2001) ("*Pine Ridge*").

<sup>118</sup> See *Virginia Cellular*, *supra*, 19 FCC Rcd at 1578-79; *ETC Report and Order*, *supra*, 20 FCC Rcd at 6393.

<sup>119</sup> See *Fourteenth Report and Order*, *supra*, 16 FCC Rcd at 11302 ("Because support is averaged across all lines served by a carrier within its study area under the existing mechanism, the per-line support available throughout the study area is the same even though the costs throughout the study area may vary widely. As a result, artificial barriers to competitive entry in the highest-cost areas and artificial entry incentives in relatively low-cost portions of a rural carrier's study area are created. For example, support would be available to a competitor that serves only the low-cost urban lines, regardless of whether the support exceeds the cost of any of the lines. We conclude therefore that, as a general matter, support should be disaggregated and targeted below the study area level so that support will be distributed in a manner that ensures that the per-line level of support is more closely associated with the cost of providing service.")

<sup>120</sup> See, e.g., *Viaero Nebraska Order*, *supra*, at pp. 13-14; *Northwest Dakota Cellular*, *supra*, at p. 10; *Easterbrooke W.V. Order*, *supra*, at p. 55; *AT&T Wireless PCS of Cleveland, LLC, et al.*, Docket No. UT-043011 (Wash. Util. & Transp. Comm'n, April 13, 2004) ("*AT&T Washington Order*") at p. 15.

analysis confirms that cream skimming is not at issue in this proceeding. U.S. Cellular established that it is not proposing to selectively serve low-cost areas. In each instance where U.S. Cellular is proposing to serve less than an entire Rural ILEC study area, it is serving areas that, on a population density basis, are comparable to the average population density of all wire centers served by the affected ILECs. A summary of the cream skimming analysis as set forth by the FCC's *Virginia Cellular* case follows for each affected Rural ILEC:<sup>121</sup>

- Citizens: U.S. Cellular's proposed ETC service area covers the 23 lowest-density Citizens wire centers. The average population density for all Citizens wire centers in Illinois is 44.35 persons per square mile ("psm"). The average for Citizens wire centers covered by U.S. Cellular's proposed ETC service area is only slightly higher at 46.56 psm. This is a negligible difference, given that Citizens' wire centers range in population density from 5.07 to 566.43 psm. Accordingly, under the *Virginia Cellular* analysis, there is no risk of cream skimming in this case.
- Frontier/Midland: Ten of the eleven Frontier/Midland wire centers are covered by U.S. Cellular's proposed ETC service area. The one uncovered wire center, Pocahontas, has the second-highest population density in all of Frontier/Midland's study area. Because U.S. Cellular is proposing to serve the least-dense Frontier/Midland wire centers and is only excluding a high-density area, no possibility for cream skimming exists here under *Virginia Cellular*.
- Odin: There are four wire centers in the Odin study area. U.S. Cellular's proposed ETC service area covers the two least densely populated Odin wire centers, Shobonier and Oblong, and it excludes the two most densely populated wire centers, Martinsville and Odin. Accordingly, no possibility for cream skimming exists.
- Verizon South: U.S. Cellular's proposed ETC service area covers eight of Verizon South's ten least densely populated wire centers, and fourteen of the twenty least densely populated wire centers in its study area. The average population density for all Verizon South wire centers is 37.20 psm, while the average for those covered by U.S. Cellular's proposed ETC service area is only slightly higher at 41.37 psm. This is a negligible difference, given that Verizon South's wire centers range in population density from 6.87 to 238.58 psm. Accordingly, the *Virginia Cellular* analysis shows that there is no risk of cream skimming in this case.

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<sup>121</sup> Sources: Petition at pp. 24-26 and Exhibit E; Exh. 10 at Appendix G.

- Wabash: The average population density for all Wabash wire centers is 18.97 psm, while the average for the three Wabash wire centers included in U.S. Cellular’s proposed ETC service area is 18.59 psm. Even if Witness Schoonmaker’s calculations on this issue are accepted, no possibility for cream skimming exists because the difference between the area served and the area not served is less than one person per square mile – a negligible amount.

In every case above, U.S. Cellular is either (a) serving the least dense portion of the affected ILEC service area, and is serving an area that is below the average population density of the entire ILEC study area, or (b) is serving an area that is more densely populated by a negligible amount. Witness Wood accurately summarized the FCC’s *Virginia Cellular* analysis, stating:

[I]f there is “a great disparity” in population density (and presumably costs), it is possible that “granting a carrier ETC designation for only its licensed portion of the rural study area may have the same effect on the ILEC as rural creamskimming.” In that case, the great disparity observed by the FCC was between an area with a population density of 273 persons per square mile and an area with a density of 33 persons per square mile – a ratio of more than 8:1. In this case, the alleged “great disparity” is between areas with densities of 19.15 and 18.48 – a ratio of 1.04:1. It is hard to believe that Mr. Schoonmaker would seriously argue that areas with essentially identical densities represent a scenario in which some form of “creamskimming” might exist.<sup>122</sup>

There are no facts in the record that lead to a conclusion that cream skimming will occur or how U.S. Cellular’s entry will harm consumers or rural ILECs. If ILECs believe cream skimming to be an issue, they are entitled under the FCC’s rules to submit to the Commission a plan of disaggregation that will remove support from their low-cost areas so that competitors are only rewarded with support when they serve high-cost areas.<sup>123</sup> We note that the Washington Commission, which disaggregated and redefined all of its rural ILEC areas along wire-center boundaries years ago, has repeatedly stated in its orders that ILECs have offered nothing more

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<sup>122</sup> Exh. 3 at pp. 72-73, lines 1330-39.

<sup>123</sup> See 47 C.F.R. § 54.315.

than speculation that cream skimming is an issue. They have never introduced any evidence to quantify how cream skimming is occurring, or how ILECs are being harmed. Moreover, no rural ILEC has requested to be relieved of its ETC status, withdrawn from an area, or gone out of business. This despite the fact that the WUTC has designated numerous ETCs in the state with overlapping service boundaries.<sup>124</sup>

In sum, cream skimming will not occur as a result of U.S. Cellular's proposed redefinition. Adopting U.S. Cellular's proposed service area redefinition will not cause any undue administrative burden on any Rural ILEC member company.<sup>125</sup> Nothing in the manner in which the Rural ILEC members conduct their business will change as a result of U.S. Cellular's proposed service area redefinition and the ILECs introduced no evidence to the contrary.<sup>126</sup>

Finally, nothing about U.S. Cellular's proposal will affect any Rural ILEC member company's status as a rural telephone company. Service area redefinition does not change how an ILEC is regulated nor does it amount to a change in status under 47 U.S.C. § 251(f) (the rural exemption).

### **III. CONCLUSION**

The question for the Commission is whether U.S. Cellular will be able to improve its network in rural Illinois sooner, later, or in some areas, perhaps never. On its own, U.S. Cellular cannot construct sufficient network infrastructure to enable it to offer consumers high-quality service in areas served by monopoly carriers that receive high-cost support.<sup>127</sup> Congress set forth

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<sup>124</sup> Sprint Corp. d/b/a Sprint PCS et al., Docket No. UT-043120 at p. 11 (Wash. Util. and Transp. Comm'n, Jan. 13, 2005) ("The Commission's experience is that this approach, if not benefiting customers (which it does), certainly is not failing customers. In the five years since we first designated an additional ETC in areas served by rural telephone companies, the Commission has received only two customer complaints in which the consumers alleged that a *non-rural*, wireline ETC was not providing service. No Rural ILEC has requested an increase in revenue requirements based on need occasioned by competition from wireless or other ETCs.") (emphasis in original).

<sup>125</sup> See Exh. 3 at p. 66, lines 1212-24.

<sup>126</sup> See *Virginia Cellular, supra*, 19 FCC Rcd at 1583.

<sup>127</sup> *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order*, 11 FCC Rcd 15499, 15506-07 (1996) ("*Local Competition Order*")

a means to bring both universal service and competition to rural areas by leveling the playing field in high-cost areas. The FCC has implemented its congressional mandate. U.S. Cellular's customers pay into the federal fund and they are entitled to the available benefits. Those benefits are not reserved exclusively for ILECs but are required to be distributed in a competitively neutral manner.

This Commission's decision to grant this Petition will have a significant and positive effect on telephone service in Illinois. If the Commission follows the FCC and virtually every state commission across the country that has addressed wireless ETC designations, U.S. Cellular will begin to receive federal high-cost support in a manner that is consistent with federal law, enabling it to advance universal service and accelerate network construction in Illinois. This will bring new, innovative, and better services as well as competitive choice to many rural areas in Illinois for the first time ever.

U.S. Cellular respectfully requests the Commission to designate it as an ETC consistent with applicable federal law and precedent.

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("The present universal service system is incompatible with the statutory mandate to introduce efficient competition into local markets, because the current system distorts competition in those markets. For example, without universal service reform, facilities-based entrants would be forced to compete against monopoly providers that enjoy not only the technical, economic, and marketing advantages of incumbency, but also subsidies that are provided only to the incumbents.")

Respectfully submitted this 7<sup>th</sup> day of November, 2005.

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USCOC of Central Illinois, LLC	)	
	)	<b>Docket 04-0653</b>
<b>Petition for Designation as an Eligible</b>	)	
<b>Telecommunications Carrier Under</b>	)	
<b>47 U.S.C. § 214(e)(2)</b>	)	

**NOTICE OF FILING**

**TO: SEE ATTACHED SERVICE LIST**

PLEASE TAKE NOTICE that on this date we have filed via e-Docket with the Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701, the Initial Brief of Petitioners USCOC of Illinois RSA #1, LLC; USCOC of Illinois RSA #4, LLC; USCOC of Rockford, LLC; and USCOC of Central Illinois, LLC (collectively "U.S. Cellular") in the above captioned matter.

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## **CERTIFICATE OF SERVICE**

I, G. Darryl Reed, an attorney, certify that I caused copies of the Initial Brief of Petitioners USCOC of Illinois RSA #1, LLC; USCOC of Illinois RSA #4, LLC; USCOC of Rockford, LLC; and USCOC of Central Illinois, LLC (collectively “U.S. Cellular”) to be served on each of the parties listed on the service list by e-mail this 7<sup>th</sup> day of November, 2005.

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