

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Hearing

December 18, 2006  
Jefferson City, Missouri  
Volume 4

In the Matter of the Application )  
of USCOC of Greater Missouri, )  
LLC, for Designation as an )Case No. TO-2005-0384  
Eligible Telecommunications Act )  
Carrier Pursuant to the )  
Telecommunications Act of 1996 )

MORRIS L. WOODRUFF, Presiding  
DEPUTY CHIEF REGULATORY LAW JUDGE

JEFF DAVIS, Chairman,  
CONNIE MURRAY,  
STEVE GAW,  
ROBERT M. CLAYTON, III,  
LINWARD "LIN" APPLING,  
COMMISSIONERS

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1 P R O C E E D I N G S

2 JUDGE WOODRUFF: Good morning, everyone, and  
3 welcome to the hearing in Case No. TO-2005-0384, which is  
4 the application of USCOC of Greater Missouri, LLC, for  
5 designation as an eligible telecommunications carrier.

6 And we'll begin today by taking entries of  
7 appearance, beginning with U.S. Cellular.

8 MR. ZOBRIST: On behalf of U.S. Cellular, Karl  
9 Zobrist and Roger W. Steiner, Sonnenschein, Nath &  
10 Rosenthal, 4520 Main Street, Suite 1100, Kansas City,  
11 Missouri, 64111, and David A. LaFuria, Lukas, Nace,  
12 Gutierrez & Sachs, Charter, 1650 Tysons Boulevard, McLean,  
13 Virginia, 22102. Mr. LaFuria has been admitted pro hoc  
14 vice in the prior hearing in this proceeding, your honor

15 JUDGE WOODRUFF: Thank you. For Staff?

16 MR. HAAS: Good morning, your Honor. William K.  
17 Haas appearing on behalf of the Staff of the Public  
18 Service Commission. My address is Post Office Box 360,  
19 Jefferson City, Missouri, 65102.

20 JUDGE WOODRUFF: Thank you. And for Public  
21 Counsel?

22 MR. DANDINO: Good morning, your Honor. Michael  
23 Dandino, Deputy Public Counsel, Post Office Box 2230,  
24 Jefferson City, Missouri, 65102, representing the Office  
25 of Public Counsel and the public.

1 JUDGE WOODRUFF: Thank you. AT&T Missouri?

2 MR. GRYZMALA: Good morning, your Honor, Bob  
3 Gryzmala on behalf of Southwestern Bell Telephone, LP,  
4 doing business as AT&T Missouri. I office at One AT&T  
5 Center, Room 3516, St. Louis, Missouri, 63101.

6 JUDGE WOODRUFF: Thank you. For the Small  
7 Telephone Company Group?

8 MR. ENGLAND: Thank you, your Honor. Let the  
9 record reflect the appearance of W.R. England Brian  
10 McCartney on behalf of the Small Telephone Company Group.  
11 Our address is Brydon, Swearngen & England, Post Office  
12 Box 456, Jefferson City, Missouri, 65102.

13 JUDGE WOODRUFF: Thank you. And for CenturyTel?

14 MR. STEWART: Since I don't have a microphone,  
15 I'll come up.

16 JUDGE WOODRUFF: That's a good idea.

17 MR. STEWART: Charles Brent Stewart of the law  
18 office of Stewart & Keevil, LLC, 4603 John Garry Drive,  
19 Suite 11, Columbia, Missouri, 65203, appearing on behalf  
20 of Spectra Communications Group, LLC, doing business as  
21 CenturyTel and CenturyTel of Missouri, LLC.

22 JUDGE WOODRUFF: All right. I believe that's  
23 all the parties. We're going to start out today by taking  
24 opening statements from the parties and -- before we go on  
25 into evidence.

1           Before we do that, however, we'll go off the  
2 record for a moment to premark exhibits. And then we'll  
3 take a short break, and I'll look and see if there's any  
4 Commissioners that want to come down to the hearing on the  
5 openings.

6           Anything anybody wants to bring up while we're  
7 still on the record? All right. With that, then, we'll  
8 go off the record, and we'll mark exhibits. All right.  
9 We're off the record.

10           (Break in proceedings.)

11           JUDGE WOODRUFF: We're back from our break.  
12 Before we go back to opening statements, there is one more  
13 matter I want to bring up. Last week, Office of Public  
14 Counsel requested for leave to file a position statement  
15 out of time. I assume no one is going to oppose that.  
16 That order will be granted.

17           All right. We're ready to begin with opening  
18 statements at this point, and we'll start with U.S.  
19 Cellular.

20           MR. LAFURIA: What's the best place to put  
21 something up on these?

22           JUDGE WOODRUFF: You can just go ahead and put  
23 them up on the --

24           MR. LAFURIA: Can I get this around a little bit  
25 so that everybody everyone can --

1                   JUDGE WOODRUFF: You move it wherever you want  
2 to.

3                   MR. LAFURIA: Can you all still see it from  
4 there? Okay.

5                   JUDGE WOODRUFF: You may proceed.

6                                    OPENING STATEMENT

7 BY MR. LAFURIA:

8                   MR. LAFURIA: Good morning, Commissioners, and  
9 your Honor. I'm David LaFuria on behalf of USCOC of  
10 Greater Missouri, LLC, doing business as U.S. Cellular in  
11 Missouri.

12                   I'll get right to the point. Here's what this  
13 case is all about. You have a carrier who comes to you  
14 and testifies under oath that they are about to invest  
15 \$22 million in rural telecommunications infrastructure  
16 here in Missouri within the first two years after they're  
17 designated on projects that would not otherwise be funded.

18                   They're going to use federal funds, which  
19 Missouri consumers contribute to, including contributions  
20 by wireless consumers in this state who want to see better  
21 coverage and better service quality.

22                   You have wire line companies here in the state  
23 who, quite frankly, do not want to see competition come to  
24 their rural areas, which will result from service quality  
25 improving by construction of additional cell sites.

1           I passed out to you a sheet, which is a page  
2 taken from the Federal State Joint Board on Universal  
3 Service. It's their 2005 monitoring report. And they're  
4 due to produce a 2006 one very shortly.

5           If you look down on this list on the right-hand  
6 side, you'll see that in 2005, Missouri took in just over  
7 \$70,000 in funding from new wireless infrastructure here  
8 in the state. It also took in \$91 million for wire line  
9 service.

10           Just looking at a few neighboring states, if you  
11 go up and down that column on the right, you'll see Kansas  
12 took in about \$27 and a half million for wireless  
13 infrastructure in 2005. Arkansas took in 41 million for  
14 wireless. Mississippi took in 59 million for wireless.  
15 And Iowa took in about 29 million for wireless.

16           If you scan back to 2004, 2003, 2002, see if you  
17 don't begin to conclude that just in a few more years this  
18 state is going to be way behind its neighboring states in  
19 wireless infrastructure.

20           I represent Cellular South down in Mississippi.  
21 And the story to be told there about how their network  
22 responded to the hurricane down there last year, Katrina,  
23 as a result of having invested significant funds in their  
24 wireless infrastructure in central and northern  
25 Mississippi where consumers moved after the storm and how



1 quickly they recovered down in Biloxi and those areas is  
2 nothing short of remarkable. They drew a commendation  
3 from the Governor down there for how quickly they were  
4 able to get their network back up. There's no question  
5 they wouldn't have been able to do it without the ability  
6 their network gave them with the support that they  
7 received.

8           When it comes time for a business to figure out  
9 where it wants to locate or move away from, the quality of  
10 the telecommunications infrastructure is now a significant  
11 factor. Granting ETC status to wireless carriers such as  
12 U.S. Cellular is going to have significant ramifications  
13 for this state's competitiveness down the road.

14           Moreover, health and safety benefits of these  
15 new investments that it will bring to these rural areas  
16 scarcely bears mentioning. Seemingly, not a day goes by  
17 now without some story of a wireless phone in a rural area  
18 saving someone's life.

19           Here in Missouri, U.S. Cellular proposes to  
20 construct 39 cell sites within the first two years after  
21 it's designated that would not otherwise be constructed.  
22 These sites are all located in rural areas of the state  
23 and are designed to add to and improve U.S. Cellular's  
24 coverage and its service quality to rural consumers.

25           U.S. Cellular estimates that in just the first

1 two years, roughly a quarter million U.S. citizens are  
2 going to see new and improved service as a result. And in  
3 addition, consumers in other areas who travel through the  
4 improved areas are going to see improved service.

5 This case now is about determining whether U.S.  
6 Cellular has met its burdens under the Commission's new  
7 rules. This supplemental proceeding is not a relitigation  
8 of the original -- of the original trial. And I think we  
9 need to make sure we focus on that here today.

10 Let me just turn to these maps for a moment. I  
11 have two maps here that I think are very important. This  
12 first map shows alone the 39 cell sites that U.S. Cellular  
13 proposes to construct. And I think it's important to  
14 point out because the -- the map contains a lot of white  
15 area here.

16 There's a red line on this map. And this red  
17 line circling the state and excluding a portion of the  
18 western part of the state delineates the outer -- the  
19 outer limits of where U.S. Cellular has asked to be  
20 designated as eligible. That is, the company wishes to be  
21 eligible to receive and invest funds throughout these  
22 areas designated by the red line.

23 Turn for just a moment to this map, which is an  
24 overlay. This map -- this map is U.S. Cellular's existing  
25 service coverage in Missouri as of the time that it made

1 its compliance filing back in August. And it's just as of  
2 the close of the month before August 11th, I believe. As  
3 you can see in this map, inside of those red areas, there  
4 are some significant white areas where the company does  
5 not currently provide service, despite the fact that it's  
6 had a license in this area for quite sometime.

7 I submit to you that those white areas represent  
8 the single best reason to grant this application. This  
9 whole proceeding -- the proceedings in all of these states  
10 is really about providing funds to help companies continue  
11 the build-out of their networks as they move outward from  
12 the cities. St. Louis over here, Joplin over here, just  
13 for example, out into the rural areas and working through  
14 the years to knit together their system.

15 This overlay is the same map that I put up  
16 before showing to you where those cell sites will be  
17 located within U.S. Cellular's system during the first two  
18 years of its -- of its designation.

19 You're going to hear from the intervenors in  
20 this proceeding a couple of things. One, that U.S.  
21 Cellular has to make a commitment to you to build out its  
22 network throughout this entire area and within a  
23 reasonable time, which they define, apparently, to be two  
24 years.

25 That's simply not the standard. It's not

1 standard in the Federal statute. It's not in the FCC's  
2 rules. And I note that none of the intervenors have cited  
3 anything in any of their papers that I've seen to support  
4 such a notion. It's what they want. It's not the law.

5           The applicable standard is that U.S. Cellular is  
6 required to offer and advertise its service throughout  
7 this area through either its own facilities or a  
8 combination of its facilities and the resale of other  
9 carriers' facilities. U.S. Cellular, in the previous  
10 hearing, did that under oath, and their commitment to do  
11 it was immediate.

12           Turning to U.S. Cellular's plans here in this  
13 case, U.S. Cellular has provided to this Commission  
14 specific locations where it intends to build cell sites  
15 along with cost estimates that are entirely consistent  
16 with the rules of the Commission adopted in this -- in  
17 this state I want to say it was several months ago now.

18           Today, the company can't know exactly how much  
19 its going to spend at any cell site. This is a lot like a  
20 home remodeling project. When you get into it and you  
21 start to dig in and you figure out how it's going to go  
22 and whether there are complications and how it would be  
23 configured, you come up with the exact costs.

24           The good news for this Commission is the way  
25 that the rules work, every single year, U.S. Cellular has

1 to return to you and demonstrate what it did with the  
2 support it got. So when it estimates that the average  
3 cell site cost is \$375,000, if a cell site, for some  
4 reason, costs less to do because of an efficiency they  
5 didn't expect or if it costs more because of a problem  
6 they had or more extensive interconnection or whatever it  
7 might be, each year, you'll get to look, and U.S. Cellular  
8 will be able to provide you exactly what it spent at each  
9 particular site. And you can make a determination before  
10 recertifying them for another year whether those costs are  
11 appropriate.

12           There are also statements by intervenors that --  
13 that -- there's one statement that's, "Virtually all of  
14 the areas proposed to be served are within areas U.S.  
15 Cellular already serves." Well, that's -- that statement  
16 is demonstrably uninformed.

17           If you look on this map and flip back and forth  
18 here, it's fairly easy to see that most of these cell  
19 sites are out in areas that have very poor and spotty  
20 coverage, even on this map. And this map is of some  
21 limited utility in determining at granular level down to  
22 the street level or down to the community level exactly  
23 where there's high quality coverage.

24           In fact, on the intervenors' side, they have not  
25 presented a single witness who is an electrical engineer

1 or who has ever built a wireless system. They have not  
2 demonstrated that anyone has the expertise as to how to  
3 build or expand the system.

4           For example, there's no understanding in any of  
5 their papers as to why coverage overlaps are required when  
6 you build new cell sites outward in order to build high  
7 quality service. There's no understanding apparently that  
8 many of the sites in rural areas that can't be built  
9 without support or those that improve service from spotty  
10 coverage to very high quality coverage that a consumer can  
11 depend on everywhere they live, work and play.

12           There doesn't seem to be an understanding that  
13 networks are expanded outwards from the urban areas, not  
14 started out in the rural areas and work back to the -- to  
15 the urban.

16           In fact, U.S. Cellular has proposed expansion in  
17 its -- in its -- in its map and in its showings that is  
18 entirely consistent with sound network design. And its  
19 engineer who is an expert at designing wireless networks  
20 has testified to that under oath in this proceeding.

21           In the end, this proceeding is about consumers.  
22 When you weigh the potential public benefits to be gained  
23 against the obvious benefits to be lost if this  
24 application is denied, this case becomes almost a no  
25 brainer.

1           You have an opportunity to get federal funds in  
2 this state and monitor U.S. Cellular's progress every year  
3 and to cut them off if they don't perform.

4           U.S. Cellular is already performing in six other  
5 states, and it is ready to do so here as well. Put  
6 simply, the health, safety and economic development  
7 benefits for rural Missouri will be significantly impacted  
8 by the introduction of federal high cost support in this  
9 state to U.S. Cellular.

10           U.S. Cellular is ready to roll on this bill  
11 plan, and they'll tell you that today. And this  
12 Commission -- we are urge this Commission to grant this  
13 application at the earliest possible date. Thank you very  
14 much

15           JUDGE WOODRUFF: Thank you, Mr. LaFuria. Does  
16 Public Counsel wish to make an opening?

17           MR. DANDINO: Just briefly, your Honor.

18           JUDGE WOODRUFF: You can do it from there if  
19 you'd like.

20           MR. DANDINO: Thank you. Appreciate that.

21                            OPENING STATEMENT

22 BY MR. DANDINO:

23           MR. DANDINO: Your Honor, may it please the  
24 Commission. As Mr. LaFuria -- LaFuria stated that -- that  
25 this case is a -- is a continuation of the prior case and

1 he recommended that the Commission focus on -- on the  
2 issues at this part.

3           But Public Counsel wants to remind the  
4 Commission that this is a reconvening of the last hearing  
5 and that the prior record is the whole -- and today's --  
6 today and this week's record and this week's evidence is  
7 the whole record. And we emphasize that the Commission  
8 should base their decision on the whole record.

9           And that is probably the reason why -- that is  
10 the reason why Public Counsel suggested that we stand by  
11 our previous statements in -- in the -- I guess the first  
12 round of this -- of this hearing.

13           Public Counsel supports competition, but we want  
14 to make sure that whoever provides competition, provides a  
15 competing services, that those services are at least equal  
16 to the wire line, the incumbent's service that is not just  
17 a public policy statement by Public Counsel or by this  
18 Commission, but it is squarely in the statutes dealing  
19 with the independent companies, especially the rural  
20 companies.

21           OPC's concern is that the services proposed,  
22 offered by U.S. Cellular were concerned about the price,  
23 the terms and conditions of service and especially the  
24 lifetime offers. You'll recall that it seems like -- like  
25 rather than having concrete proposals that their proposals



1 were shifting like sand.

2           We are concerned that that may be the -- the  
3 problem in the -- the technical aspects of -- of this --  
4 of this hearing this week. We wanted to make -- to  
5 emphasize that when you're dealing with these public  
6 interest proceedings, I think you have to be very sure,  
7 especially when we're using federal dollars, USF dollars.

8           I think this Commission is -- is very -- wants  
9 to make sure that -- that USF dollars are used for exactly  
10 the purpose that -- that they're meant for and exactly to  
11 benefit the -- the citizens of the state of Missouri,  
12 especially the rural customers.

13           Now, U.S. Cellular -- or -- and, also, in our --  
14 our position statement, we -- for this hearing this week,  
15 we basically looked at the position statements. And when  
16 we looked at the position statement submitted by  
17 Mr. Stewart on behalf of CenturyTel and Spectra, we  
18 thought that that was a -- probably as close as -- concise  
19 and acceptable statement of -- of where Public Counsel is  
20 on -- on the positions in this supplemental testimony.  
21 And, therefore, we thought it was well-stated, and we  
22 endorse that for this hearing.

23           U.S. Cellular -- Cellular may very well be an  
24 excellent wireless provider as a national scope, as a  
25 national focus, national advertising. But the Office of

1 Public Counsel suggests to the Commission that it still,  
2 even after it had another opportunity, has not made the  
3 case as an eligible telecommunications company for  
4 universal service purposes to provide comparable  
5 substitutable service to the land -- equivalent to the  
6 land line in the rural areas at just, reasonable and  
7 affordable rates.

8 And we would continue to recommend that this  
9 application be denied. Thank you, your Honor.

10 JUDGE WOODRUFF: Thank you, Mr. Dandino.

11 Opening for Staff?

12 OPENING STATEMENT

13 BY MR. HAAS:

14 MR. HAAS: Good morning. In April 2005, U.S.  
15 Cellular applied to the Commission for designation as an  
16 eligible telecommunications carrier. And ETC is eligible  
17 to receive support from the Federal Universal Service  
18 Fund.

19 The Commission conducted an evidentiary hearing  
20 in October 2005. In March 2006, the Commission issued an  
21 order finding that U.S. Cellular had not presented  
22 sufficient evidence regarding how it intends to use the  
23 support it would receive from the Universal Service Fund  
24 to improve its network through improved coverage, signal  
25 strength or capacity in ways that would not otherwise

1 occur without the receipt of high cost support.

2           The requirement that the funds be used in ways  
3 that would not otherwise occur absent the receipt of high  
4 cost support had previously been set out at paragraph 21  
5 of the FCC's March 2005 ETC designation order.

6           Rather than simply rejecting U.S. Cellular's  
7 application, the Commission allowed U.S. Cellular an  
8 opportunity to submit additional evidence on this issue.  
9 The Commission suggested that its proposed ETC rule would  
10 be a good guide for the information U.S. Cellular would be  
11 required to submit.

12           The Commission's ETC rule became effective on  
13 June 30, 2006. On August 11, 2006, U.S. Cellular filed  
14 the compliance filing of U.S. Cellular. Staff witness,  
15 McKinney, discusses in his supplemental rebuttal testimony  
16 how U.S. Cellular's compliance filing fails to meet a few  
17 of the provisions of the Commission' ETC rule, but that it  
18 meets other provisions of the ETC rule.

19           In my opening, I will focus on the over-arching  
20 public interest issue, that being whether U.S. Cellular  
21 has shown that it intends to use support for proper  
22 purposes. Commission Rule 4 CSR 240-3.570(3)(g) requires  
23 the applicant for ETC designation to include a statement  
24 as to how the proposed plans would not otherwise occur  
25 absent the receipt of high cost support and that such

1 support will be used in addition to any expenses the ETC  
2 would normally occur -- incur.

3 In its application and original testimony in  
4 2005, U.S. Cellular committed that during the first 18  
5 months as an ETC it would construct 16 new cell sites that  
6 would not be constructed in the absence of high cost  
7 support.

8 In its compliance filing in August 2006, U.S.  
9 Cellular identified 39 new cell sites that would not be  
10 undertaken in the absence of federal high cost support.  
11 Four cell sites that U.S. Cellular identified in the 2005  
12 list as sites that would not be constructed in the absence  
13 of high cost support were not on the 2000 list. Pardon  
14 me. On the 2006 list.

15 Here's the crucial point. U.S. Cellular  
16 constructed those four sites in the summer of 2006 and did  
17 so in the absence of high cost support. As I've noted  
18 before, high cost support is intended for projects that  
19 would not otherwise occur in the absence of that support.

20 It would be contrary to the FCC's order. It  
21 would be contrary to the ETC rule, and it would be  
22 contrary to the public interest to grant ETC designation  
23 to U.S. Cellular, given its failure to accurately and  
24 reliably identify sites that would not be constructed  
25 without that high cost support.

1           Therefore, the Staff recommends that the  
2 Commission deny the application. Thank you.

3           JUDGE WOODRUFF: Thank you, Mr. Haas. For  
4 CenturyTel?

5   OPENING STATEMENT

6 BY MR. STEWART:

7           MR. STEWART: Good morning. May it please the  
8 Commission. In its position statement, U.S. Cellular has,  
9 frankly, mischaracterized Spectra and CenturyTel's  
10 argument and position in this proceeding.

11           And I guess I'd like to first take this  
12 opportunity to set the record straight. U.S. Cellular  
13 claims that this portion of the proceeding concerns only  
14 U.S. Cellular's ability to comply with the recently  
15 adopted ETC designation rule.

16           Well, Spectra and CenturyTel respectfully dis --  
17 disagree, at least in part. While we do agree that the  
18 Commission certainly must examine the adequacy, and,  
19 frankly, in our view the inadequacy of U.S. Cellular's  
20 compliance with the specific provisions of the new rule,  
21 the focus is not on U.S. Cellular's -- and I think they  
22 used the word "ability" to comply either now or especially  
23 at some future unspecified time.

24           But, rather -- rather, U.S. Cellular has carried  
25 its burden of proof to show full compliance with the rule

1 here even after being given the opportunity to revise its  
2 submission. In addition, I -- I'd like to remind the  
3 Commission that the Commission has not yet completed, let  
4 alone issued a decision respecting its public interest  
5 analysis of U.S. Cellular's application based on various  
6 factors, including the Virginia Cellular case and the  
7 --and other applicable precedent -- precedent, including  
8 the '05 and Northwest Cellular cases.

9           The Commission's March 21st order only pointed  
10 out certain deficiencies in U.S. Cellular's submission,  
11 and it did not resolve. It did not resolve any issue in  
12 U.S. Cellular's favor.

13           In 2005, U.S. Cellular previously submitted its  
14 commitments under affidavit with respect to its proposed  
15 plans and what it intended to do if ETC status was  
16 granted.

17           Well, it's -- it's done so here again. And  
18 while I don't think we're questioning the voracity of U.S.  
19 Cellular, I -- I think the Commission needs to review and  
20 ask certain questions as to why in 2005 U.S. Cellular  
21 committed only to 16 towers and now today, they're  
22 committing to 39.

23           What changed? They have totally revised their  
24 service area signal strength maps. I would suggest that  
25 the Commission needs to compare the maps filed in 2005

1 versus 2006. And if they do, you will conclude that  
2 basically there's been a doubling of signal strength from  
3 the same towers. What's up with that?

4           Also, since we were here last, and I believe  
5 Mr. Haas mentioned this, and Mr. McKinney did in his  
6 testimony, U.S. Cellular has built numerous new towers  
7 beyond and above just the four Mr. Haas spoke of. And,  
8 presumably, these other towers and other related  
9 investments were completely done without USF support.  
10 That's another factor the Commission needs to delve into.

11           with respect to Issue No. 5 regarding multiple  
12 ETC wireless carriers in the same wire center, I do have  
13 several comments. The first is kind of a procedural  
14 matter that was raised in U.S. Cellular's statement of  
15 position.

16           The Commission will recall that Spectra and  
17 CenturyTel raised this multiple carrier issue, both in  
18 this and in the MO-5 and Northwest Cellular cases. Now,  
19 contrary to U.S. Cellular's assertion, we should not now  
20 be somehow estopped from raising it in this proceeding,  
21 especially since when we raised it in the earlier  
22 proceedings, their response was that the issue was not yet  
23 ripe. If it wasn't ripe then, it certainly is now.

24           Also, contrary to U.S. Cellular's allegation,  
25 Spectra and CenturyTel did participate, and I'll use the

1 word that they used, vigorously, in the MO-5 and Northwest  
2 Cellular cases.

3           And despite U.S. Cellular's implication, Spectra  
4 and CenturyTel have absolutely no ownership interest in  
5 either MO-5 or Northwest Cellular. Well, these  
6 misrepresentations aside, the Commission will find, when  
7 it looks at the record in those two cases, that Spectra  
8 and CenturyTel have consistently stated that MO-5's and  
9 Northwest Cellular's respective ETC sheet -- ETC showings  
10 were far superior to that of U.S. Cellular.

11           Now, as indicated in Mr. Brown's most recently  
12 filed testimony, you'll note that Spectra and CenturyTel's  
13 position has not changed. Once again, the showings of  
14 Northwest Cellular and MO-5 are far superior to that  
15 submitted by U.S. Cellular. And, again, that's so, even  
16 though U.S. Cellular has been given extra time to remedy  
17 what the Commission at the outset recognized as  
18 inadequacies of its case.

19           Finally, U.S. Cellular's commentary respecting  
20 the recent Nextel Partners case, which they've attached to  
21 their pleading, the case out of Nebraska, and its  
22 implication regarding U.S. Cellular's position in this  
23 case involving multiple carriers, frankly, is just dead  
24 wrong.

25           Now, contrary to U.S. Cellular's assertion,



1 Spectra and CenturyTel are not suggesting that this  
2 Commission has unfettered discretion, -- again, that's the  
3 word used in the Nextel order -- does not have unfettered  
4 discretion after designating a second ETC in a wire  
5 center. We've never said that. Quite the contrary.

6 Spectra and CenturyTel is urging that the Commission  
7 must apply the same analysis and standards to U.S.  
8 Cellular as it has applied to MO-5 and to Northwest  
9 Cellular. Now, if the Commission does that, it will find  
10 that there are numerous comparative deficiencies.

11 For example, compare the level of budget detail  
12 submitted by the respective companies. Compare the  
13 willingness, ability and time commitment to provide  
14 service in the most rural, high cost areas of their  
15 respective requested ETC service areas.

16 Compare the fact that U.S. Cellular currently  
17 serves major urban areas while MO-5 and Northwest Cellular  
18 do not. Compare the fact that U.S. Cellular provides  
19 service outside the state of Missouri, which should raise  
20 some additional company concerns not present in the MO-5  
21 and Northwest Cellular case -- cases.

22 Like the Staff, Spectra and CenturyTel's  
23 position is that the -- on the multiple carrier issue and  
24 the basic economics it necessarily entails should be part  
25 of the Commission's overall public interest analysis. And

1 that's the case whether it be merged Issue 2 as the Staff  
2 suggests or standing alone in deciding whether to grant  
3 U.S. Cellular ETC status.

4 Thank you very much, and I appreciate the  
5 opportunity to set the record straight with regard to our  
6 position in the case.

7 JUDGE WOODRUFF: Thank you, Mr. Stewart. Small  
8 Telephone Company Group?

9 OPENING STATEMENT

10 BY MR. ENGLAND:

11 MR. ENGLAND: Thank you, your Honor. May it  
12 please the Commission. My name is Tripp England. I'm  
13 representing the Small Telephone Company Group today.

14 In this case, U.S. Cellular seeks designation as  
15 an ETC for an area encompassing roughly two-thirds to  
16 three-quarters of the State of Missouri. This designated  
17 area encompasses all or a part of the study areas of the  
18 24 small incumbent local exchange carriers that make up  
19 the Small Telephone Company Group in this case.

20 In Mr. LaFuria's opening statement, he handed  
21 out a summary, I believe, of USF amounts paid to ILECs and  
22 paid to competitive ETCs and, particularly, focused on  
23 surrounding states.

24 I would suggest to you, though, that this case  
25 is not about USF envy and what other states may be doing,

1 but about application of the law and this Commission's  
2 rules to the facts of this case. And when you do that, I  
3 think you will conclude, like we have, that U.S.  
4 Cellular's application should not be granted.

5 We oppose U.S. Cellular's application for three  
6 very precise and easy to explain reasons. First, U.S.  
7 Cellular does not provide the required services throughout  
8 the area for which it requests ETC designation.

9 Second, its two-year expenditure plan is  
10 deficient. It does not comply with your rules because it  
11 does not demonstrate how USF will be spent in addition to  
12 what it would otherwise have spent absent that support.

13 Third, U.S. Cellular has not shown how a  
14 designation of ETC status is in the public interest. As a  
15 threshold matter, we urge you to apply these ETC rules  
16 that you have adopted as well as the federal law for each  
17 of the study areas that U.S. Cellular seeks designation.  
18 Don't look at this as a statewide application. There are,  
19 as I pointed out, a number of small company study areas  
20 involved in this case. There were 24. And you need to  
21 examine each of those as part of your process in this  
22 case.

23 For example, U.S. Cellular must comply with the  
24 Telecommunications Act, Section 214(e)(1), which says that  
25 they provide the requisite services, I emphasize the word,

1 throughout the area for which they seek ETC status.

2           There are 24 separate study areas represented by  
3 the 24 companies making up the Small Telephone Company  
4 Group. The record is unambiguous. It is clear in this  
5 case that U.S. Cellular has either no coverage or  
6 insufficient coverage in the study areas of the 11 of  
7 those 24 of small ILECs.

8           In fact, U.S. Cellular, through its on web site,  
9 states as much. Clearly, U.S. Cellular's application for  
10 ETC designation in these 11 study areas should be denied  
11 out of hand.

12           The record also shows that U.S. Cellular's  
13 coverage -- coverage in six other small ILECs' study areas  
14 is questionable. And this Commission must closely  
15 scrutinize those six areas to determine whether U.S.  
16 Cellular is truly providing service throughout those study  
17 areas.

18           Next, U.S. Cellular's two-year expenditure plan.  
19 That plan is deficient because it fails to comply with  
20 your own rule, specifically, 4 CSR 243.570(2)(a)(3)(g)  
21 requires, "a statement as to how the proposed plans would  
22 not otherwise occur absent the receipt of high cost  
23 support" -- and I want to emphasize the last portion of  
24 that -- "and that such support will be used in addition to  
25 any expenses the ETC would normally incur."

1           U.S. Cellular has stated that they expect to  
2 receive approximately \$11 million in USF support if they  
3 are designated an ETC in the area that they seek, at least  
4 here in Missouri. They have given you a plan that  
5 purports to show that they will spend over 22 million in  
6 the next two years on improving on expanding their  
7 coverage.

8           What they haven't shown you, and, indeed, what  
9 they can't or perhaps won't show you is whether these  
10 expenditures are in addition to what they would normally  
11 spend or incur. U.S. Cellular neither records past  
12 expenditures or budgets for future expenditures on a state  
13 specific basis, let alone a rural versus urban analysis  
14 within the state.

15           U.S. Cellular can't or won't tell you what  
16 they've spent in Missouri with -- without USF support or  
17 what they will spend in the future without USF support.

18           Let me give you a hypothetical to try to  
19 emphasize how critical it is for you to have this kind of  
20 information. Assume, for example, that U.S. Cellular has  
21 historically spent \$10 million a year on rural  
22 infrastructure in Missouri, and that's without USF  
23 support.

24           Now, assume that U.S. Cellular is going to  
25 receive \$10 million a year in USF support as a result of

1 it being designated ETC in Missouri. Your rule requires  
2 U.S. Cellular to demonstrate how they will spend \$20  
3 million in the rural areas of Missouri. The 10 million  
4 they would have normally and have historically spent in  
5 addition to the 10 million they would get as a result of  
6 designation as ETC carrier.

7           And why is that important? Well, let me tell  
8 you. If they don't spend 20 million, then that means that  
9 some of the money that was earmarked for rural Missouri  
10 was spent in urban Missouri market, such as St. Louis or  
11 perhaps in other states, or worse, was not spent at all  
12 and went straight to the bottom line and shareholder  
13 pockets.

14           In this case, U.S. Cellular has not revealed any  
15 baseline expenditure amounts that they have made in rural  
16 Missouri, and they have made quite a bit, as this record  
17 will demonstrate. So they have failed to show you how  
18 their two-year expenditure plan is "in addition to any  
19 expenses they would normally incur."

20           Finally, U.S. Cellular has not shown that a  
21 grant of its ETC designation is in the public interest.  
22 The FCC has identified a number of public interest  
23 concerns that a State Commission should consider in  
24 evaluating requests for ETC status, and these concerns  
25 include the benefits of increased customer choice, the

1 unique advantages and disadvantages of the applicant's  
2 service offerings, and the impact on the USF fund.

3           This analysis has sometimes been linked to or  
4 referred to as a cost benefit analysis. In other words,  
5 will the increased benefits from a designation of eligible  
6 telecommunications service outweigh the increased costs  
7 attendant in that designation?

8           Well, the cost side of the equation is easy to  
9 ascertain. A grant of ETC in this case carries a price  
10 tag of \$11 million a year, which is not an insignificant  
11 amount of money.

12           On the other side of the ledger, what does U.S.  
13 Cellular promise in return? Well, they promise increased  
14 competition. But the FCC has said that increased  
15 competition by itself is not sufficient. Plus, the record  
16 under this case actually shows that U.S. Cellular is  
17 already in competition with at least three or four  
18 wireless carriers and in all of the markets it serves.

19           U.S. Cellular promises increased coverage, but  
20 U.S. Cellular's own coverage maps belie this contention.  
21 Their before and after maps show little, if any, expansion  
22 or improvement in their coverage.

23           And I'll refer to the maps that Mr. LaFuria has  
24 put up for you to look at today, which are a blow-up, I  
25 believe. Of the maps that one of his witnesses attached

1 to his testimony. And the white area that Mr. LaFuria was  
2 talking about both before and after the network -- or  
3 two-year network improvement plan that they have submitted  
4 has not changed very much, if at all.

5           Has U.S. Cellular made any commitments to  
6 provide new service offerings? The only new offering that  
7 -- that they appear to offer in this case or service is a  
8 life line plan. But, frankly, when that is compared to  
9 the existing life line plans of the small LEC -- ILECs  
10 that I represent, it is decidedly U.S. Cellular's plan  
11 that is decidedly more expensive.

12           And unlike Northwest Missouri Cellular and  
13 Chariton Valley Wireless or MO No. 5, I believe as  
14 Mr. Stewart referred to them, U.S. Cellular has made no  
15 commitment to offer a local plan equivalent to that of the  
16 ILECs in the areas where it seeks ETC designation.

17           Thus, there is little benefit in any to be  
18 derived from the grant of ETC status to. There is also an  
19 additional concern or factor that this Commission needs to  
20 -- needs to consider, and that was raised by Mr. Stewart  
21 in his opening at the same time.

22           And that is the fact that, for the first time,  
23 this Commission must determine at least in selected areas  
24 of U.S. Cellular's proposed ETC area, this Commission has  
25 already granted et cetera status to Northwest Missouri



1 Cellular and Chariton Valley Wireless.

2           This complicates the public interest test for  
3 you because now you must determine whether or not a grant  
4 of a second wire -- ETC status to a second wireless  
5 carrier will provide sufficient increased benefits in  
6 those areas to offset the increased costs to the USF fund.

7           Presumably, you have already determined by your  
8 grant of ETC status to Northwest Missouri Cellular and  
9 Chariton Valley Wireless that these areas will experience  
10 increased coverage, increased customer choice, increased  
11 emergency service, increased mobility, or, otherwise, you  
12 would not have granted ETC status to those two.

13           What more will U.S. Cellular bring to the table  
14 in those particular areas? The record is clear that there  
15 is no information that they will bring any increased  
16 benefit, increased services, et cetera, to those areas.

17           In conclusion, the instant request must fail on  
18 a number of grounds. As I said, it does not meet the  
19 federal standards of providing service throughout the area  
20 for which it requests ETC status. Its two-year plan is  
21 deficient in that it does not comply with your rule, and  
22 it has failed to show that a grant of the ETC designation  
23 is in the public interest.

24           In short, the instant application must be  
25 denied. Thank you.

1                   JUDGE WOODRUFF: Thank you, Mr. England. For  
2 AT&T?

3                                    OPENING STATEMENT

4 BY MR. GRYZMALA:

5                   MR. GRYZMALA: Good morning, your Honor. Good  
6 morning, Commissioners. We want to diffuse one motion  
7 immediately. This is not a case about competitive  
8 shenanigans on behalf of the rural ILECs insofar as our  
9 perception is concerned. It certainly is not the case  
10 about competitive shenanigans on behalf of AT&T Missouri.

11                   This is a case in which U.S. Cellular has failed  
12 to make its case. There are a number of issues in this  
13 case. There are a number of parties involved. We would  
14 like to reduce our concerns to three core points.

15                   Firstly, the law is clear that an ETC applicant  
16 must submit, as Mr. England emphasized, a formal network  
17 plan, improvement plan, demonstrating that Universal  
18 Service Funds will be used to improve coverage, signal  
19 strength and capacity, and here's the key point, on a wire  
20 center by wire center basis throughout the area in which  
21 the ETC applicant -- or rather, the applicant seeks ETC  
22 status. Otherwise stated, put a plan on the table on a  
23 wire center by wire center basis that says what you're  
24 going to do throughout the area in which you're seeking  
25 ETC status.

1           U.S. Cellular hasn't done that in the case,  
2 clearly, of AT&T Missouri. From Day 1, they have asked  
3 this Commission to designate it as an ETC -- excuse me --  
4 in 146 AT&T Missouri exchanges. Now, this is not a  
5 Northwest Missouri application wherein AT&T Missouri's  
6 wire center areas, I believe, if I recall, was one. This  
7 is not a Chariton Valley MO-5 application in which there  
8 were five or six AT&T Missouri wire centers involved.  
9 This is 146.

10           Now, when you look at the plan that they put on  
11 the table to tell you where they intend to provide  
12 improved coverage or capacity -- now, we didn't write that  
13 plan. They did. In its August 11 of 2005 and roughly a  
14 seventh -- 20-some-odd wire center exchanges of AT&T  
15 Missouri identified as those that, in the words of U.S.  
16 Cellular, are expected to receive improved coverage or  
17 capacity.

18           That number changes again. When the U.S.  
19 Cellular surrebuttal was filed on December 7, Mr. Woods --  
20 or I'm sorry -- Mr. Johnson's Exhibit D, to the extent I  
21 read it correctly, I believe we did, shows only nine wire  
22 centers of AT&T Missouri that's going to receive -- that  
23 are anticipated to receive improved coverage.

24           Your Honors, that's nine out of 146. That does  
25 not meet the required showing on a wire center by wire

1 center basis to demonstrate how you're going to improve  
2 service quality or coverage throughout the -- throughout  
3 the ETC area.

4 We would ask you this: How many fewer wire  
5 centers need to be involved in order for the Commission to  
6 find that that requirement is not meaningfully met?

7 This is no commitment to serve using these funds  
8 in the manner in which the statute and the Commission's  
9 rule requires. Again, the Commission's rule is  
10 3.570(2)(a)(3), which requires that that statement and  
11 that demonstration be made. That's the first point and the  
12 key point for which the U.S. Cellular's application ought  
13 to be denied.

14 The second point and for a similar reason, is  
15 the grant of ETC status for U.S. Cellular and AT&T  
16 Missouri's area would not be in the public interest if  
17 you're only intending to improve service coverage in a  
18 small, minute portion of the areas in which you're seeking  
19 ETC status.

20 How can you show that you've met the status with  
21 regard to the entire TFF? U.S. Cellular makes much, once  
22 again, as it has conditioned to do, that apparently the  
23 public interest isn't required. Its position statements  
24 states at Footnote 2 that the FCC's reading of statute as  
25 requiring a separate public interest analysis for areas

1 served by a non-rural telephone company, like AT&T  
2 Missouri, quote, is in error. It is currently subject to  
3 reconsideration, end quote.

4 Well, that's fine. But under the FCC's rules,  
5 if a matter is up for reconsideration, it is still the  
6 law. It is binding upon the parties unless you, as a  
7 Commission or the Court of Appeals, stays that order.  
8 They don't tell you that the Commission or the -- that the  
9 Court of Appeals has stayed that order.

10 In any case, as U.S. Cellular says in its own  
11 statement, this Commission, you all, have primary  
12 consideration -- jurisdiction over ETC applications under  
13 the statute, and it is free -- in other words, you are  
14 free to interpret the statute according to its plain  
15 language.

16 I would submit to you, you've interpreted it.  
17 You've said, your Honors, two years ago that in order to  
18 be granted ETC status in the non-rural areas, an ETC  
19 applicant must show that the designation will be  
20 consistent with the public interest. You said that in  
21 cause 20 -- I'm sorry -- TO-2003-0531, the Missouri RSA  
22 No. 7 matter on November 30, 2004, page 27.

23 Your new rule, likewise, requires that an ETC  
24 applicant must show that the grant of status would be in  
25 the public interest. And it doesn't say only in non-rural

1 -- or, rather, in rural telephone company areas. There's  
2 no qualification. You all have already determined -- the  
3 Commission has already determined that a public interest  
4 requirement applies in the case of designations sought in  
5 non-rural areas such as AT&T Missouri. They have not made  
6 the public interest showing for similar reasons because  
7 they have not met the throughout requirement under both  
8 federal law and the state rules.

9           Finally, third and last, an emerging issue,  
10 which they would like to duck, none of the AT&T Missouri  
11 wire centers are at present high -- high cost support,  
12 high -- high cost wire centers. That means there is no  
13 high cost support available for those wire centers.

14           That only became apparent according to our --  
15 our information, in July of this year. That raises an  
16 issue that we did not have the last time we met on this  
17 matter. The federal law involves -- federal law and the  
18 Commission's rules, federal law, Section 254(e) of the  
19 Act, and this Commission's rules, 3.570(2)(a)(2) require  
20 that universal service high cost support must be used for  
21 the purpose, quote, for which the support is tended --  
22 intended.

23           None of AT&T Missouri's wire centers are high  
24 cost support. And we would submit that U.S. Cellular is  
25 not entitled to use high cost support in low cost areas

1 because using that would not -- using it in that fashion  
2 would comply with neither the federal law or this  
3 Commission's rules.

4           It would not be competitively neutral as well  
5 because envision a situation in which the wire line  
6 incumbent, i.e., AT&T Missouri, is not afforded the  
7 benefit of any high cost support whereas a competitive  
8 carrier would suggest that they are. That is not  
9 competitively neutral. And I think, also, to the extent  
10 that a competitive ETC would use that money in wire  
11 centers that were not qualified for high cost support, a  
12 wire center which would qualify for high cost support and  
13 which would be where that support is intended is not being  
14 the beneficiary of that money.

15           You can only spend X amount of dollars in one  
16 place or another. If it's spent in a wire center in which  
17 high cost support is not intended, that means it's not  
18 being dedicated to a wire center in which that support was  
19 intended, should be going.

20           Mr. Woods' surrebuttal filed December 7 states  
21 -- and let me back up just a moment. There's a point that  
22 was made in our rebuttal in November. And on December 7,  
23 Mr. Woods came back and said Mr. Stidham's opinion has  
24 never been adopted by the FCC or by any state Commission.

25           Well, he didn't identify a state or FCC decision

1 which held the contrary. And we think it's a worthy  
2 consideration for this Commission to consider. And  
3 interestingly, only days before Mr. Woods' testimony was  
4 submitted, the Kansas Commission opened a docket in  
5 07-TIMT-498-GIT dated November 21, about two weeks before  
6 Mr. Woods' surrebuttal was filed, November 21, 2006. And  
7 in this order opening docket, it indicated that the  
8 Commission had previously determined that -- quote,  
9 paragraph 5, that, quote, because Swivit (ph.) did not  
10 have high cost loop support from the FUSF, Federal  
11 Universal Service Fund, the Commission concluded -- that,  
12 is the Kansas Commission -- concluded that a CETC would  
13 not be allowed to use its expenditures and investments in  
14 Swivit study areas to justify its use of high cost FUSF  
15 support.

16 That is a holding that the Commission in Kansas  
17 made. And in this order opening docket, in all candor,  
18 what it represents is a document that suggests they are  
19 going to explore the issue because it is a very live  
20 issue.

21 But to suggest that it's fool hardy, that it  
22 borders on the absurd, that it doesn't make sense, is dead  
23 wrong. Rather, as we submit, it makes eminent good sense  
24 for the Commission to conclude that high cost support  
25 funds may not be expended in areas which are not high cost



1 areas. And those constitute all of AT&T Missouri's wire  
2 centers.

3 For those three reasons, we ask that the  
4 application be denied, failure to meet the throughout  
5 requirement under federal law and this Commission's rules,  
6 failure to meet the public interest requirement under the  
7 same rules, and failure to use the support for which the  
8 support is intended. Thank you.

9 JUDGE WOODRUFF: Thank you, Mr. Gryzmala. That  
10 concludes the opening statements, and we'll be ready to  
11 start with the first witness, which would be called by  
12 U.S. Cellular.

13 MR. ZOBRIST: U.S. Cellular would call Nick  
14 Wright.

15 JUDGE WOODRUFF: Before we start with Mr. --  
16 Mr. Wright, we'll go ahead and take a short break.

17 MR. ZOBRIST: All right, your Honor.

18 JUDGE WOODRUFF: We'll come back at ten minutes  
19 till 10.

20 (Break in proceedings.)

21 JUDGE WOODRUFF: All right. We're back from our  
22 break, and Mr. Wright is at the stand. If you'd please  
23 raise your right hand.

24 NICK WRIGHT,  
25 being first duly sworn to testify the truth, the whole

1 truth, and nothing but the truth, testified as follows:

2 DIRECT EXAMINATION

3 BY MR. ZOBRIST:

4 JUDGE WOODRUFF: You may be seated. And you may  
5 inquire, Mr. LaFuria, when you're ready.

6 MR. LAFURIA: Thank you, your Honor. Your  
7 Honor, do we need to officially move the compliance filing  
8 in this case into the record?

9 JUDGE WOODRUFF: I believe that's marked as an  
10 exhibit, was it not?

11 MR. LAFURIA: Yes, it was.

12 MR. ZOBRIST: Exhibit 28.

13 JUDGE WOODRUFF: Exhibit 28-NP and HC. Did you  
14 want to offer it at this time?

15 MR. LAFURIA: Yes. I would offer U.S.  
16 Cellular's compliance filing made on August of this year  
17 into the record.

18 JUDGE WOODRUFF: All right. Exhibit 28 has been  
19 offered into the record. Is there any objections to its  
20 receipt? Hearing none, it will be received into evidence.

21 (Exhibit Nos. 28-NP and 28-HC were admitted into  
22 evidence.)

23 MR. LAFURIA: Thank you, your Honor.

24 Q (By Mr. LaFuria) Good morning. Would you  
25 please state your name and address?

1           A     Nick Wright, 4700 South Garnette, Tulsa,  
2 Oklahoma. Zip code 74133.

3           Q     And are you the same Nick Wright that caused to  
4 be filed in this proceeding supplemental surrebuttal  
5 testimony consisting of 13 pages and three pages of  
6 attachments?

7           A     Yes, sir, I am.

8           Q     And do you have any corrections to make to any  
9 of your testimony?

10          A     No, sir.

11          Q     If I were to ask you the questions that are  
12 contained in this testimony here today, would your answers  
13 be the same?

14          A     Yes, sir.

15          Q     And are your answers contained here in this  
16 testimony true and correct to the best of your knowledge,  
17 information and belief?

18          A     Yes, sir, they are.

19                MR. LAFURIA: Your Honor, I'd now move the  
20 introduction of supplemental surrebuttal testimony of Nick  
21 Wright as Exhibit No. 25, I believe it was marked, into  
22 evidence.

23                JUDGE WOODRUFF: All right. Exhibit No. 25-NP  
24 and HC have been offered into evidence. Are there any  
25 objections to its receipt? Hearing none, it will be

1 received into evidence.

2 (Exhibit Nos. 25-NP and 25-HC were admitted into  
3 evidence.)

4 MR. LAFURIA: Thank you, your Honor. That's all  
5 I have. This witness is available to for  
6 cross-examination.

7 JUDGE WOODRUFF: Thank you. For  
8 cross-examination, beginning with Public Counsel?

9 MR. DANDINO: Your Honor, Public Counsel does  
10 not have any questions for Mr. Wright. Thank you.

11 JUDGE WOODRUFF: Thank you. For Staff?

12 CROSS-EXAMINATION

13 BY MR. HAAS:

14 Q Hello, Mr. Wright.

15 A Good morning.

16 Q Are you the same Nick Wright who testified last  
17 October at the first hearing in this case?

18 A Yes, I am.

19 Q And at that hearing, you presented written  
20 testimony; is that correct?

21 A That's correct.

22 Q And is it also correct that at page 13 in that  
23 testimony you stated, In the application, U.S. Cellular  
24 committed that during the first 18 months as an ETC in  
25 Missouri, it would construct 16 new cell sites that would

1 not otherwise be constructed in the absence of high cost  
2 support? Was that your testimony?

3 A Yes, sir.

4 Q And isn't it also correct that four of these  
5 cell sites were constructed this past summer and without  
6 US high cost support?

7 A That is correct, sir.

8 Q Have any more of these 16 cell sites now been  
9 built?

10 A No, sir.

11 Q How is it that less than one year after the  
12 first hearing that U.S. Cellular had built those four cell  
13 sites without high cost support?

14 A First of all, I would say when Alan Johnson  
15 testifies later today, the engineer representing us today,  
16 could probably give you more detail. But I would like to  
17 say of those four sites, two of those had technical  
18 advantages of getting them on line now versus later.

19 What I mean by that is microwave -- in southern  
20 Missouri, the opportunity of moving traffic around  
21 southern Missouri from one point to the other needed to be  
22 improved. And by putting these two sites in helped us to  
23 do just that, moving business allowing southern Missouri  
24 the use of microwave. So there was definitely some  
25 technical reasons for putting those sites in, and they

1 could not wait any longer.

2           The other two sites, after receiving feedback  
3 from customers in the area, doing -- doing some drive  
4 tests on our own as well as some third party drive tests,  
5 it was quite clear that we couldn't wait anymore.  
6 It was -- the cry of the public was we needed improved  
7 coverage. And we needed, frankly, to get it done at that  
8 point. And I know Alan Johnson, again, as I mentioned  
9 earlier, will have additional evidence or information that  
10 will draw out why those sites needed to be put on.

11           Q     What factors does U.S. Cellular use to identify  
12 a site that will be built without high cost support?

13           A     One more time. I'm sorry. Say your question  
14 one more time. I apologize.

15           Q     Sure. What factors does U.S. Cellular use to  
16 identify a site that will be built without high cost  
17 support?

18           A     Primarily -- primarily, population. Overall --  
19 initially, business case needs of -- there's a -- there's  
20 a service needed -- needed there, and we typically do it  
21 on population just to get to the point.

22           Q     What factors does U.S. Cellular use to identify  
23 a site that will not be built without high cost support?

24           A     Typically, just the reverse of that. I'm  
25 oversimplifying. Again, Alan Johnson will be able to have

1 more detail.

2 Q Can you give me more detail, though, about what  
3 you mean by the reverse?

4 A I mean, typically, the use of high cost support  
5 is in those areas where there isn't a large population  
6 base. So the use of the support would obviously allow us  
7 to bridge service to their area where they otherwise would  
8 not have received it.

9 Q Does U.S. Cellular maintain two lists, one for  
10 cell sites that will be built without the receipt of high  
11 cost support and a second list that for cell sites that  
12 will not be built without the receipt of high cost  
13 support?

14 A We have -- we have separated -- designated ETC  
15 sites for our typical build plan. So I guess you could  
16 say we pull out high priority versus high -- high cost  
17 areas versus high value areas, if you will. So, yes, I  
18 guess in a way, yes, we do.

19 Q If someone were looking at -- at this list, is  
20 there some sort of a designation like an asterisk or  
21 something that would identify those sites that would not  
22 be built without USF support?

23 A Yes, sir. That's correct. We have separated  
24 ETC sites from our typical build plan sites.

25 Q Let's go back to those four sites that were

1 built this past summer. Were they originally pulled out  
2 as sites that could not be built without USF support?

3 A I -- I don't remember. Let me -- let me back  
4 up. Were they pulled out from sites that would not  
5 otherwise have been built? Yes, they were, originally,  
6 two -- almost two years ago.

7 Q When you testified that these sites would not be  
8 built without high cost support, did you include a -- a  
9 time frame in your -- in your sentence or -- or in your  
10 thought?

11 A I think it would be built within the next 18  
12 months.

13 Q If a site can be moved from one list to the  
14 other in less than a year, what assurance does the  
15 Commission have that high cost support is not being used  
16 to construct cell sites that U.S. Cellular would have  
17 constructed without that support?

18 A I would say through the annual review process is  
19 a good opportunity for us to come back and show this  
20 Commission what we did and why we did it. As we -- as it  
21 sits today, the 39 sites that we've proposed as of today  
22 seem to be the most bang for the buck to the customer, for  
23 the consumer out there.

24 Can things change? Of course, they can change.  
25 But at this particular point, these sites still look like



1 the best sites that will get the best bang for the  
2 customer without high cost support -- or with high cost  
3 support. Excuse me.

4 Q Mr. Wright, do you have a copy of the  
5 supplemental rebuttal testimony of Staff Witness McKinney?

6 A No, I do not.

7 MR. HAAS: May I approach?

8 JUDGE WOODRUFF: You may.

9 Q (By Mr. Haas) I'll give you the whole thing,  
10 but I'm going to be referring to this.

11 A Okay.

12 Q Mr. Wright, at Schedule ACM4-2 of the  
13 supplemental rebuttal testimony of Mr. McKinnie, there is  
14 a Data Request B and then U.S. Cellular's response to that  
15 question. Who at U.S. Cellular prepared the response?

16 A Our -- our attorneys.

17 MR. LAFURIA: I'm sorry, your Honor. I'm sorry,  
18 your Honor. I'm just lost. I want to make sure that  
19 Mr. Wright's looking at the right page because I can't  
20 find it. Can we just make sure we're looking at the same  
21 thing?

22 MR. HAAS: This one.

23 A This one -- this one here.

24 MR. LAFURIA: Thank you.

25 JUDGE WOODRUFF: Go ahead.

1 Q (By Mr. Haas) Which U.S. Cellular employee or  
2 agent would have provided that answer to your attorneys?

3 A The answer -- the answer being U.S. Cellular has  
4 never stated? Is that where I'm at right now?

5 Q Yes. Yes, sir.

6 A I -- I'm not sure I know the answer.

7 Q Well, do you agree with the -- the response?  
8 And I'm just referring to that one sentence in the  
9 response, To respond directly, U.S. Cellular has never  
10 stated and could not state a guarantee that it could not  
11 build all of the cell sites listed on its first build-out  
12 plan during the first 18 months following designation in  
13 the absence of support. Do you agree with that statement?

14 A This says, U.S. Cellular has never stated or  
15 could not state a guarantee that it could not build -- I  
16 -- I guess agree with the statement.

17 MR. HAAS: Thank you. That's all my questions.

18 JUDGE WOODRUFF: Thank you. For CenturyTel?

19 CROSS-EXAMINATION

20 BY MR. STEWART:

21 Q Thank you. Good morning Mr. Wright.

22 A Good morning.

23 Q Let me start out with a few things I think we  
24 can agree on. Can we agree that U.S. Cellular's plan as  
25 submitted currently does not deploy new infrastructure

1 throughout your requested service area?

2 A Throughout the entire service area, that's  
3 correct.

4 Q Can we also agree that if the Commission were to  
5 look at the maps provided by U.S. Cellular's witness,  
6 Mr. Johnson, would those areas not being served or not  
7 currently planned to be served, are those indicated with  
8 -- in the color white?

9 A Was not being served? Well, in the white as  
10 well as even some of the colored areas. I mean, there's  
11 still areas there, even though they're colored on the map,  
12 still need quality improvement.

13 Q Improvement. But would the white areas be -- I  
14 mean, would it be a good rule of thumb, white areas, no  
15 service?

16 A No -- No U.S. Cellular service. That's correct.

17 Q Okay. On -- and, again, I -- I don't think I'm  
18 going to have to use those maps a lot. But if -- if  
19 counsel would please -- and I don't think we're getting  
20 into proprietary. I'm going to try not to. But if we do,  
21 please jump in.

22 On page 2 of your supplemental surrebuttal  
23 testimony, you indicate that, as far as you know, there is  
24 no requirement that a carrier build out facilities  
25 throughout any area within any set period of time. Is

1 that your testimony?

2 A Yes, sir.

3 Q Can you point me to anywhere in your testimony  
4 or in any other U.S. Cellular testimony that might give  
5 the Commission an estimate of how long it will take  
6 U.S. Cellular to provide supported services throughout its  
7 proposed ETC service area?

8 A An estimate? No, I cannot give you an estimate.  
9 I can tell you that this plan is the first plan to get us  
10 to where -- to cover all these white spots, basically.  
11 This is step one.

12 Q But the white spots, again, is where you don't  
13 currently serve on the map?

14 A Correct.

15 Q And you -- you have not presented even an  
16 estimate as to when those white spots might turn green or  
17 some other color?

18 A I have not presented it. No, I have not.

19 Q Are you familiar with the Virginia Cellular  
20 decision?

21 A No, I'm not, sir.

22 Q So you wouldn't know if the Virginia Cellular  
23 case -- the FCC stated that one factor in the ETC public  
24 interest determination is whether the applicant can  
25 provide the supported services throughout the designated

1 service area within a, quite, reasonable time frame?

2 A I am not aware of that, no.

3 Q Mr. Wright, did you assist your counsel in  
4 preparing U.S. Cellular's position statement recently  
5 filed in this case?

6 A We -- we assisted, yes.

7 Q Have you -- have you reviewed it?

8 A Briefly, yes, sir.

9 Q On paragraph 7, there is a statement -- I'd like  
10 to read it, and I'll just ask you if you agree with it.  
11 "Missouri's rural consumers pay into the fund, and Section  
12 254 of the Federal Statutes make it a core principal that  
13 they deserve modern wireless service that is comparable to  
14 that available in urban areas." Do you agree with that  
15 statement?

16 A Yes, sir, I do.

17 Q Would you agree with the statement contained on  
18 page 1 of U.S. Cellular's position statement that,  
19 "Indeed, the entire purpose of designated competitive -- a  
20 competitive ETC is provide the funds needed to build  
21 facilities?"

22 A Yes.

23 Q Do you agree with that? Okay. Mr. Wright, are  
24 you familiar with that portion of this Commission's new  
25 ETC rule that, quote, requires a statement as to how the

1 proposed plans would not otherwise occur absent the  
2 receipt of high cost support and that such support will be  
3 used in addition to any expenses the ETC would normally  
4 incur?

5 A I understand that to be true, yes.

6 Q Okay. Would you agree that every year  
7 U.S. Cellular would spend a certain amount for  
8 construction of new facilities, new towers, or at least a  
9 certain amount for capacity additions to existing  
10 facilities regardless of the receipt of high cost support?

11 A That's correct.

12 Q You wouldn't have an estimate on what that might  
13 be, though?

14 A Our current expenditures?

15 Q Yeah. I mean --

16 A For -- for 2006, the current year, we spent  
17 approximately 16 -- \$17 million in Missouri. Okay. Minus  
18 the St. Louis markets. So in the high cost areas, \$16  
19 million, approximately, year 2006.

20 Q I believe you testified in response to a  
21 question from Mr. Haas that customer demand drove the  
22 construction of four towers that were originally slated to  
23 be built with high cost support. Did I understand that  
24 correctly?

25 A Customer demand and -- and some technical issues

1 on two of the sites that would improve our network.

2 Q Would one of the pressures that affect customer  
3 demand be what might be called competitive market  
4 pressures?

5 A Not -- possibly. But, typically, it's just  
6 overall performance of the network in the areas where they  
7 live and work.

8 Q Do you know -- and if this is proprietary,  
9 please jump in. Do you know how many new towers  
10 U.S. Cellular constructed over the past year without high  
11 cost support?

12 A I don't -- I don't know offhand, no. In the  
13 high cost support areas, you're asking specifically?

14 Q Well, since you haven't -- I mean, you don't  
15 have ETC status. I guess what I'm really asking is how  
16 many towers have you built up to today before receiving  
17 ETC status?

18 A 2006?

19 Q For 2006.

20 A I don't know. I don't have the exact answer on  
21 that.

22 Q Is there some place in your testimony or -- or  
23 elsewhere, U.S. Cellular testimony, that would show the  
24 locations -- you kind of referred to that a minute ago --  
25 shows the locations of where those new towers were built

1 in 2006?

2 A Of the -- of the 2006 towers? I believe Alan  
3 Johnson will be able to respond to that. I do not have --  
4 it's not in my testimony, nor do I have the specifics of  
5 that this morning.

6 Q But if it was there, it would probably be in  
7 Mr. Johnson's testimony?

8 A I'm not sure. If you want specifics, in Alan's  
9 testimony, he might be able to speak to it more than I  
10 can.

11 Q Well, speaking of Mr. Johnson, so -- so I don't  
12 get accused of having a tower fixation, I assume that U.S.  
13 Cellular also had expenditures over the past year for  
14 things like increased capacity or improved service beyond  
15 the construction of new towers?

16 A That's correct.

17 Q Do you have any idea what that amount --

18 A No.

19 Q -- is?

20 A No, sir, I do not.

21 Q Is there any place in your testimony or  
22 U.S. Cellular's other testimony that might quantify what  
23 expenses U.S. Cellular would normally incur for either  
24 towers or those added expenses?

25 A We have average cost of a tower and supported



1 expenses of those cell sites. But I don't think we have  
2 anything specifically in the testimony, mine or Alan's,  
3 that states what we've spent in 2006 to date.

4 Q So I -- by looking at your testimony, the  
5 Commission could not find anything that would help them  
6 quantify that amount that U.S. Cellular -- those expenses  
7 that U.S. Cellular would, quote, unquote, normally incur?

8 A Other than an estimate at this particular point.

9 Q Getting back to the map just a second -- and I'm  
10 just going to talk about the colors, not the locations.  
11 Does U.S. Cellular currently face any wireless competition  
12 in any of the white areas shown on the maps?

13 A Any -- any of the white areas?

14 Q Yes.

15 A Yes.

16 Q Are there any white areas that U.S. Cellular  
17 does not face wireless competition?

18 A We face wireless competition in all areas.

19 Yeah.

20 Q Okay. I assume that would also hold true for  
21 the areas that are in other colors, the red or the green?

22 A That's correct.

23 Q Okay. On page 4 of your supplemental  
24 surrebuttal, you state that, "U.S. Cellular is successful  
25 in demonstrating its use of high cost support in other

1 states that have reporting requirements similar to those  
2 contained in this Commission's new rule." Is -- is that  
3 correct?

4 A That's correct.

5 Q I'm just curious, in those other states, how  
6 does U.S. Cellular demonstrate that high cost support is  
7 being used only for expenditures that would not be made  
8 but for the high cost support?

9 A Through the review process, we've been able --  
10 we've had dialogue with the Commissions -- the  
11 Commissioners to discuss or set -- more or less explain  
12 where we are spending that money and how it's separate  
13 from our current overall build plan in each of the  
14 particular states. So --

15 Q Okay.

16 A -- through the review process, we're able to --  
17 the discussion of where is the money going and, also, to  
18 explain the separation between our current build plan and  
19 the build plan of ETC supported sites or funded sites.

20 Q Okay. Just so I understand, so when you say the  
21 review two process --

22 A The annual review process.

23 Q You're -- you're talking about the -- after the  
24 fact annual review that the Commission would conduct --

25 A That's correct.

1 Q -- as opposed to the designation portion?

2 A That is correct.

3 Q That -- Okay.

4 A But going into every calendar year's process, we  
5 pretty much know what it is we're going to go after in a  
6 build plan on an ETC site separate from a typical build  
7 plan.

8 Q Okay. I guess I'm confused. Do you have -- do  
9 you prepare an annual -- do you prepare a list of new cell  
10 sites that you intend to construct?

11 A Let me clarify. We do not have -- as we've  
12 talked about in the last hearing, we do not have state  
13 specific financials. We do not.

14 Q Would that include budgets as well?

15 A We don't -- or excuse me. Or budgets.

16 Q Or budgets?

17 A But we do have a plan -- each market's  
18 particular area has a plan and a list of cell sites that  
19 need -- that need to be built in a given year. And we  
20 have been able to separate what -- which of those cell  
21 sites will get built within the internal U.S. Cellular  
22 side or budgeted dollars, if you will, and which would be  
23 ETC sites.

24 Q And that would be system-wide?

25 A That's system-wide.

1           Q     Okay.  On page 4 to 5, beginning on page 4  
2 carrying over to page 5 of your supplemental rebuttal  
3 testimony, you explain why you believe that a  
4 Missouri-specific budget is not necessary.  Well, I take  
5 it that this means, consistent with your testimony today  
6 and in the earlier part of proceeding, that U.S. Cellular  
7 has no plans to start using state-specific budgets or  
8 financials?

9           A     Budgets, not -- no.  That's correct.

10          Q     Do you recall from the previous portion of the  
11 hearing Mr. Brown's testimony that U.S. Cellular covers  
12 less than half of the miles of major highways in its  
13 requested ETC service area?

14          A     I do not recall that, no.

15          Q     So you wouldn't know if Mr. Brown's testimony on  
16 that point was accurate?

17          A     I assume it's accurate.  But I -- I don't recall  
18 the conversation, no.

19          Q     Do you recall any U.S. Cellular rebuttal  
20 specifically on that point that -- that rebutted  
21 Mr. Brown's conclusions?

22          A     I do not remember.

23          Q     Would you agree with me that U.S. Cellular's  
24 most recent signal coverage maps for your existing sites  
25 indicate a larger area of signal coverage than that --

1 than that which was contained on your previously submitted  
2 maps?

3 A They do currently, yes. It's my understanding  
4 the tool was different. Again, I think Mr. Johnson can  
5 talk about this during his testimony. But the tool that  
6 we're using today is much better. It's more sophisticated  
7 even than what we used two years ago.

8 Q Well, since you don't recall Mr. Brown's earlier  
9 testimony, have you reviewed Mr. Brown's supplemental  
10 rebuttal testimony and schedules?

11 A No, I have -- I'm -- I should ask, you're  
12 speaking of our Mr. Brown, right, our witness?

13 Q No. I'm sorry. Mr. Glenn Brown. I'm sorry.  
14 My Mr. Brown.

15 A No.

16 Q You haven't looked at it. You haven't look at  
17 Mr. Glenn Brown's testimony. Okay. Well, let's see.  
18 Well, to your knowledge, going back to your Mr. Brown's  
19 testimony, does U.S. Cellular's new signal coverage maps  
20 for existing site show more miles of major highway  
21 coverage?

22 A One more time. I'm sorry.

23 MR. LAFURIA: I'm sorry. I don't want to  
24 object. It's just we don't have a Mr. Brown. We have a  
25 Mr. Wood.

1 Q (By Mr. Stewart) I'm sorry. I meant  
2 Mr. Johnson. I'm sorry. My mistake. To your knowledge  
3 -- let me ask it again, and I'll try to get it clear.

4 To your knowledge, do U.S. Cellular's new signal  
5 coverage maps prepared by Mr. Johnson for the existing  
6 sites show more -- more miles, additional miles of major  
7 highway signal coverage?

8 A I believe, by using the new tool, they do, yes.

9 Q Do you have any idea of --

10 A I do not know.

11 Q Maybe I should ask him. Okay. Looking at  
12 Exhibit B to Mr. Johnson's supplemental surrebuttal  
13 testimony, can you walk me through how U.S. Cellular would  
14 apply its six-step process to fulfill a request by  
15 customers for highway coverage in one of these whites  
16 areas, say, for example -- let me give you an example.

17 Highway 63 running north and south kind of  
18 through the Salem area or maybe Highway 55 running through  
19 the Cape Girardeau area, how would you handle that?

20 MR. LAFURIA: Your Honor, I have an objection.  
21 His question is premised on a legal standard that doesn't  
22 exist, that is that a request for reasonable -- a  
23 reasonable request for service needs to be responded to on  
24 a highway as opposed to a home or business.

25 MR. STEWART: Your Honor, I would just say what

1 I'm trying to get at here is how U.S. Cellular would  
2 intend to implement a six-step process. And I believe, in  
3 their own testimony, they've indicated that not only do  
4 they have a six-step process, both recently, in the most  
5 recently filed testimony, but previously, but they also go  
6 so far to say, I think they're correct on this, that the  
7 Commission's new rule pretty much verbatim adopts this  
8 six-step process.

9 So I'm just trying to figure out how he intends  
10 to comply with that rule with their own six-step process  
11 in the white areas, just in the white areas that might  
12 happen to have a highway -- major highway running through  
13 it.

14 MR. LAFURIA: Your Honor, I don't object to that  
15 question as long as the question is not asking how would  
16 you respond to a request from a -- from a highway as  
17 opposed to a home or business. Clearly --

18 JUDGE WOODRUFF: Clearly --

19 MR. STEWART: That's all right.

20 JUDGE WOODRUFF: Clearly, highways aren't going  
21 to be filing requests. Individuals, businesses would be.  
22 I think you've clarified the question. I'll -- for the  
23 record, I'm overrule the objection. You can go ahead and  
24 proceed.

25 Q (By Mr. Stewart) Did you understand?

1           A     I believe I have. Let me take the example of 63  
2 coming from Columbia down into -- to the Lake of the  
3 Ozarks.

4           Q     Well, actually, 63 would run through Jeff City  
5 down --

6           A     Past Hermann and all the way into -- down  
7 towards West Plains and --

8           Q     Right. All the way to Arkansas, I believe.

9           A     You know, the six-step process obviously starts  
10 with possibly improving the customer's handset. And we --  
11 we've done that numerous times, actually going out to the  
12 facility -- their actual home, wherever it is that they're  
13 having a concern of coverage, possibly a repeater in and  
14 around their business.

15                     But, basically, we're working through the steps  
16 of will a handset resolve it? Is there some equipment  
17 relative to our network, equipment repeaters, what have  
18 you might resolve the issue, an antennae, a roof-mount  
19 antenna.

20                     We want to work through all those known possible  
21 fixes to that particular customer's issue. In most cases  
22 -- in most cases, especially the scenario of 63, that  
23 would resolve -- that could probably resolve the  
24 customer's concerns on the network.

25           Q     Okay. If I -- if I understand your answer, if



1 I'm driving, let's say, down to Salem, and that -- that's  
2 in an area that's shown here on white, and I'm -- I'm  
3 having trouble with my U.S. Cellular system making a call,  
4 I can't get a signal, that's the process we would use?

5 A You would use -- that's -- that's the first four  
6 steps. Obviously, if we cannot get coverage to that  
7 customer, let's say it's Salem, right now it's obviously  
8 white at this particular point, we would look for a  
9 re-rate situation, possibly resell -- excuse me -- a  
10 resell situation with another carrier until we, in fact,  
11 bring facilities to that particular area.

12 Q And -- okay. I think I understand. So is that  
13 basically the same process you would follow for white  
14 areas in other states?

15 A Yes.

16 MR. STEWART: Mr. Wright, that's all I have.  
17 Thank you very much.

18 MR. WRIGHT: Thank you.

19 JUDGE WOODRUFF: Thank you. Small Telephone  
20 Company Group?

21 MR. ENGLAND: Thank you, your Honor.

22 CROSS-EXAMINATION

23 BY MR. ENGLAND:

24 Q Good morning, Mr. Wright.

25 A Good morning.

1 Q I think you remember I'm representing the small  
2 ILECs in this case?

3 A Yes. Yes, I do.

4 Q Okay. Following up on a question or two from  
5 Mr. Stewart, I think you indicated that you were not  
6 familiar with Mr. Brown's supplemental rebuttal testimony  
7 filed in this phase of the proceeding; is that right?

8 A That's correct.

9 Q How about our witness, Mr. Schoonmaker's,  
10 supplemental? Are you familiar with that?

11 A Briefly.

12 Q At page 2 of your current testimony,  
13 supplemental surrebuttal --

14 A Uh-huh.

15 Q -- lines 20 through -- excuse me -- 23 through  
16 26, you indicate that U.S. Cellular has been in business  
17 in Missouri for 17 years, but you say that its network is  
18 in its relative infancy. Do you see that?

19 A Yes, sir.

20 Q When will U.S. Cellular, in your opinion, have a  
21 mature network throughout its licensed area in Missouri?

22 A I don't know that I can -- I can answer that. I  
23 know -- I know every year we're moving one step closer to  
24 get there.

25 Q Well, if it took you 17 years to get where you

1 are today, is it reasonable to assume it will take another  
2 17 to be mature?

3 A I don't know that that's the case. I mean, I  
4 know where you're going with that, but I don't know if  
5 that's entirely the case.

6 Q We know it won't happen in the next two years,  
7 correct?

8 A Well, we know it won't happen as quickly as with  
9 high cost support, obviously.

10 Q Well, my question was, we know it won't happen  
11 in the next two years?

12 A That's correct.

13 Q Do you have an idea of how much more quickly it  
14 will happen with high cost support than without?

15 A No, I don't. No, I do not.

16 Q Your two-year plan, as I understand it, includes  
17 construction of 39 new cell sites in the -- what we've  
18 referred to as either the rule or the high cost areas of  
19 your service area in Missouri, correct?

20 A That's correct.

21 Q Do you know how many new cell sites would be  
22 required in the rural or high cost areas of your Missouri  
23 licensed area to achieve full coverage or a mature  
24 network?

25 A No, sir, I do not.

1 Q Do you know how many cell sites U.S. Cellular  
2 has in Missouri today?

3 A Counting the St. Louis area or just in high cost  
4 areas?

5 Q I was going to have you give me a total and  
6 break it up into each --

7 A I don't know right offhand. I hate to keep  
8 piling this on Alan Johnson, but he might actually have  
9 some numbers actually managing the network.

10 Q Would he also have an answer perhaps to my  
11 previous question about how many more -- excuse me -- how  
12 many more cell sites would be necessary to build out the  
13 high cost or rural areas of your service area?

14 A Probably not right offhand.

15 Q Okay. But he probably could give me at least  
16 historical information on how many sites you have in  
17 service today?

18 A That's correct.

19 Q And he would be able to break it out between the  
20 rural markets and --

21 A St. Louis and -- I'm sorry to interrupt you.  
22 St. Louis and high cost areas, yes.

23 Q For purposes -- and I'll probably be asking some  
24 question on rural versus high cost. I don't mean to put  
25 words in your mouth, but it seems to me you're drawing a

1 distinction between the St. Louis market and then  
2 everything else; is that right?

3 A That's correct.

4 Q Okay. Just a second. The question that  
5 occurred to me looking at your map, is Springfield,  
6 Missouri, within your current licensed area?

7 A Yes, sir, it is.

8 Q It appears that you do not provide service at  
9 least in what appears to be white on these coverage  
10 maps --

11 A It is --

12 Q -- is that right?

13 A It is -- sorry. It is white today, and we don't  
14 currently offer service today in Springfield, Missouri.

15 Q Do you have any plans to offer service?

16 A Yes, sir. It's budgeted for -- it's planned for  
17 2007 to start to build the process in Springfield,  
18 Missouri.

19 Q In your two-year plan that I believe has been  
20 marked as Exhibit 28, page 3, Roman Numeral 3 or the  
21 Section Roman Numeral 3. Do you see that?

22 A I'm sorry. I just brought up my testimony. I  
23 did not bring up any of the -- what was the page and --  
24 I'm sorry.

25 Q It's page 3 on my edition.

1           A     Okay.

2           Q     But it's Section Roman Numeral 3.

3           A     Yes, sir.

4           Q     There's one paragraph there. Do you see that?

5           A     Yes, I do.

6           Q     Okay. It's the last sentence of the -- well,  
7     excuse me. It's not even the last sentence. I guess it's  
8     the last phrase from the comma there about two or three  
9     lines up. It says, U.S. Cellular estimates that the 39  
10    proposed sites will provide improved coverage to 236,291  
11    people based on census 2000 block data. Do you see that?

12          A     Yes, I do.

13          Q     I'm assuming that since you're referring to the  
14    39 proposed sites, which are proposed to be built in the  
15    rural areas, that you're talking about 236,000 people that  
16    are located in the rural areas of Missouri; is that right?

17          A     I believe that's correct. But I would, again,  
18    would refer to Alan on that since Alan pulled that  
19    together. I don't want to misspeak.

20          Q     Okay. And if you know, how many of the 239,000  
21    -- or excuse me -- 236,000 people currently receive  
22    coverage from U.S. Cellular?

23          A     I do not know the answer to that question.

24          Q     Best to ask that -- best to ask that of Mr.  
25    Johnson?

1           A     Yeah.  Yes.

2           Q     Do you know what the total population per the  
3 census is of your licensed area?

4           A     I do not.

5           Q     Then you wouldn't know what the total population  
6 for the rural portion of your area would be?

7           A     I would not.  No, I would not.

8           Q     Should I try those with Mr. Johnson as well?

9           A     I would try those with Mr. Johnson.

10          Q     He must really be appreciating your testimony at  
11 this point.

12                     Mr. Wright, let me ask you a few questions about  
13 the anticipated USF receipts of \$11 million.

14          A     Uh-huh.

15          Q     How did you arrive at that projection for your  
16 potential USF draw designated as an ETC in this area?

17          A     It's my understanding it's based on the number  
18 of wireless subscribers we have in the particular area  
19 that we're speaking of today, all of which has been -- the  
20 information has come from our Chicago office.

21                     We have a team in Chicago that puts this  
22 information together.  And their estimates -- best  
23 estimates is approximately \$11 million a year.  So we take  
24 a lot of guidance from our -- our Chicago team that's done  
25 this in the other six states that we currently operate in.

1 Q Do you know the number of subscribers that were  
2 used in arriving at this estimate?

3 A I do not sir.

4 Q Would any of the other witness have that  
5 information?

6 A I don't believe they would. I don't believe  
7 that they would.

8 Q In the prior proceeding, I believe you gave me a  
9 number of 150,000 as the total customers that you serve in  
10 Missouri today.

11 A That's --

12 Q Do you recall?

13 A That's correct.

14 Q And now you're going to have to help me. Was  
15 that state-wide or just outside the St. Louis market?

16 A That was prior to the launch of St. Louis. So  
17 we did not have any customers in St. Louis so that would  
18 be in the rural markets --

19 Q Okay.

20 A -- of Missouri.

21 Q Okay. Do you know if that number has changed  
22 for -- up to today for the remarks?

23 A It has increased over the past year plus, yes.

24 Q Can you give me that?

25 A I can give you -- I can give you an estimate of



1 probably 160, 170,000, possibly in this range. That's  
2 pretty accurate.

3 Q And for purposes of your St. Louis market?

4 A Probably another hundred thousand.

5 Q So is it fair to say roughly today you have  
6 between 260 and 270,000 subscribers?

7 A Yes, sir, it is.

8 Q Okay. Do you know if all of them will qualify  
9 you for the anticipated USF receipt or USF draw?

10 A It's my understanding that they had. But I  
11 would refer to our -- Don Wood, that is, for the  
12 testimony. He could probably give you more specifics as  
13 to -- as to how that would work.

14 Q Okay. Do you know whether or not the per  
15 customer support you receive is based on the location of  
16 your customers? And when I say location, I mean billing  
17 address.

18 A I do not know.

19 Q Okay. Would that be probably be a better  
20 question to ask of Mr. Wood?

21 A Possibly, yes.

22 Q We're shortening up this line of questioning  
23 pretty good, aren't we?

24 A Yeah. Putting all the weight on Alan Johnson.

25 Q And, again, this may be a question for Mr. Wood.

1 If so, let me know.

2 Do you know what caused your estimated USF draw  
3 to go to \$11 million from the 8 million you projected in  
4 the last proceeding?

5 A I do not know specifically. I could assume it,  
6 but you don't want assumptions at this particular point,  
7 I'm sure.

8 Q Probably not. Thank you. Let me ask you this  
9 questions about the life line plan if I can.

10 A Yes, sir.

11 Q Can you give me the terms of your proposed life  
12 line plan? And I'd kind of like to go through the  
13 features one by one. And if I miss any --

14 A Okay.

15 Q -- I'll give you an opportunity to add or --

16 A Okay.

17 Q -- address those. What would the recurring  
18 monthly rate of your proposed life line plan be?

19 A Life line plan or life line plans? The -- let  
20 me start with the \$25 dollar 400 minute plan that I  
21 testified about last time we were here.

22 Q Would that be your least expensive?

23 A Yes. That's the starting point from an access  
24 standpoint. The monthly plan itself, \$25 would be the  
25 starting plan.

1 Q And that's -- that's the one I want to focus on  
2 for the time being.

3 A All right.

4 Q So the \$25 would be the monthly recurring  
5 charge?

6 A Yes, sir.

7 Q And that would get you 400 minutes?

8 A Four hundred minutes of any time usage. Excuse  
9 me.

10 Q And does that -- do incoming calls as well as  
11 outgoing calls work against that allowance, if you will?

12 A They both do.

13 Q Okay. What is the calling scope on that plan?

14 A U.S. Cellular properties coast to coast. So  
15 anything that we own coast to coast would be a considered  
16 part of the local calling scope.

17 Q So a life line customer in Missouri could call a  
18 U.S. Cellular customer nation-wide?

19 A Well, calling scope is the area in which they  
20 can travel to. Where can they go with the actual handset  
21 and still get -- part of their 400 minutes are included.  
22 So they can go to Yakima, Washington, which is a U.S.  
23 Cellular property. They can go to Greenville in North  
24 Carolina. Those are all U.S. Cellular properties. That's  
25 the calling scope.

1 Q Okay. That's -- that's the area from which they  
2 could place a call?

3 A Yes, sir. Yes, sir.

4 Q What is the area to which they could make a call  
5 within that 400 minute allowance?

6 A The lower 48.

7 Q And then is there a permanent charge for any  
8 calling above the 400 minutes?

9 A I believe it's 69 cents a minute.

10 Q Okay. Is there also a roaming charge if they  
11 find themselves placing a call outside --

12 A Yes, sir.

13 Q -- of your calling scope?

14 A Yes, sir, there is. And it would depend upon  
15 where they are and that carrier's roaming charges.

16 Q Is there a term commitment with the life line  
17 plan we've been discussing?

18 A This is a 24-month agreement, yes.

19 Q Okay. Is there early termination charges or  
20 penalties on that?

21 A If they receive a handset for free or a penny --  
22 it's currently offered as a penny as of today -- there  
23 would be a \$150 cancelation fee or early termination fee.

24 Q If, however, they bring their own phone or they  
25 buy the phone outright, there is no cancelation fee?

1           A     That is correct.  There is not a termination  
2 fee.

3           Q     Even though they sign a 24-hour --

4           A     That is correct.

5           Q     Or excuse me.  24-month month plan.  Is there a  
6 deposit required?

7           A     We do require -- do do a credit check at the  
8 beginning when they come in.  If they do have lack of  
9 credit or credit issues, if you will, we will put them on  
10 a plan without a deposit but restrict some of their  
11 roaming abilities, which I think I testified to last year.

12                     So meaning that we're going to put them on -- if  
13 they don't have the deposit, we'll put them on service.  
14 They can use U.S. Cellular footprint, our scope, and we  
15 restrict roaming on that.

16                     Now, if they want to pay the deposit, then they  
17 have full -- full blown -- they can roam, what have you.

18           Q     Are there any other features of this particular  
19 plan that I haven't asked about or that you think are  
20 particularly relevant?

21           A     We built in call waiting, call forwarding,  
22 detailed billing, voice mail.  Those are some -- the major  
23 ones.

24           Q     Okay.  Now you, you mentioned early on as we got  
25 into this line of questioning that you had several life

1 line plans.

2 A The life line discount applies to any of our new  
3 plans, including our new plans. So it's our -- our wide  
4 area plans that we have today as well as our national  
5 plans. If that -- a particular rate plan fits their need,  
6 then they can apply the discount to whatever that plan is.

7 Q And that discount is approximately --

8 A Eight and a quarter, as I understand it, yes.

9 Q So a person who might otherwise qualify for life  
10 line services could come in and subscribe to your most  
11 expensive plan and get an \$8.25 a month discount?

12 A That is correct. I don't know if it's the most  
13 expensive plan but higher access plans, yes. In fact, our  
14 most popular plan for life line is \$39.99 that over 90  
15 percent of life line customers purchase today because of  
16 the value in it.

17 Q Now, the -- I'm going to call it the \$25  
18 400-minute plan, life line plan. Is that the same life  
19 line plan you offer in all your other states where you've  
20 been designated ETC?

21 A No. That was for Missouri. No. No other  
22 markets at this particular point, not.

23 Q So this would be a Missouri specific plan only?

24 A Yes. Moving forward, yes.

25 Q Okay. What's your least expensive life line

1 plan in other states where you have a life line -- or  
2 excuse me -- you have an ETC designation?

3 A Least expensive. Lowest access point, I would  
4 assuming you're talking about.

5 Q I think that's what I'm talking about. You  
6 tell --

7 A Twenty-nine -- 29.99 rate plan as it sits today.

8 Q And how many minutes associated with it?

9 A Four -- 300 minutes.

10 Q Okay. Is that the plan that Mr. Schoonmaker had  
11 copied from your web site and attached to his testimony?

12 A I believe so, yes. It was either that one or  
13 the 39.99. I can't remember which one it was.

14 Q So if you're designated ETC in Missouri, you'll  
15 have a specific Missouri life line plan that's different  
16 from what you offer anyplace else?

17 A The \$25 plan, that's correct.

18 Q Okay.

19 A As well as the others, obviously, portfolio of  
20 our rate plans.

21 Q In states where you offer ETC desig -- or excuse  
22 me -- where you've been designated ETC, do you offer any  
23 state specific life line plans?

24 A State specific. I don't recall. No.

25 Q How long would you intend to off the Missouri

1 specific life line plan if you're designated ETC status?

2 A We have no plans in not offering it beyond a  
3 certain period of time. We're going to advertise it.  
4 We're going to put it out there, and we're going to offer  
5 it. As far as I know -- I mean, never say ever, right?  
6 The fact of the matter is they have no plans of pulling  
7 that rate plan off.

8 Q In addition -- or setting aside, if you will,  
9 the \$25 400 minutes life line plan that would be Missouri  
10 specific, are there any other Missouri specific plans,  
11 life line or otherwise, that you would propose to  
12 implement in Missouri if designated ETC?

13 A I cannot think of any, no, sir.

14 Q Is it fair to say that you don't offer any  
15 Missouri specific plans today?

16 A Life line? Life line plans or basic plans?

17 Q Any.

18 A No. Other than life line -- life line, Missouri  
19 specific. That one aside, no, we do not.

20 Q Okay. And that one would only be offered after  
21 your designation is successful?

22 A That is correct.

23 Q So as far as today is concerned, all the  
24 programs you offer in Missouri are the same as you offer  
25 nation-wide?



1 A That's correct.

2 Q Do you offer any other plans in other states  
3 that are state specific, not just life line?

4 A I can't think of any, no.

5 Q So essentially, your portfolio, if you will, or  
6 menu of plans is a nation-wide offering?

7 A That's correct.

8 Q Okay. I've got a miscellaneous question for you  
9 here, and it may not be best for you to answer it. If so,  
10 let me know and who might best be able to answer that.

11 If you were not designated as an ETC for some of  
12 the areas because the Commission finds that you were not  
13 currently or in the future, at least reasonable future,  
14 providing the supported services throughout that  
15 particular area, is it your understanding that you could  
16 still come back and seek an additional designation at a  
17 later date when you were serving those areas or have a  
18 plan to serve those areas?

19 A I don't have the answer to that question, no,  
20 sir.

21 Q Would that be best directed to Mr. Wood, if you  
22 know?

23 A I would -- I would -- yes.

24 Q Okay. In your testimony, supplemental  
25 surrebuttal, page 3, at the bottom of the page, question

1 beginning on line 22 going through the bottom of the page  
2 and then continuing to line 1 of the following page, I'm  
3 going to paraphrase, but it appears to me that you  
4 acknowledge that your current web site indicates no  
5 service in areas -- some of the areas where you seek ETC  
6 status in Missouri.

7 A That is correct.

8 Q Okay. But I believe you say, if designated, you  
9 will update your web site and provide customers with  
10 information where your service is available either through  
11 facilities or through resale, roaming, relationships with  
12 other carriers, correct?

13 A That's correct.

14 Q In the prior hearing we used the BPS Telephone  
15 Company as an example. I'd kind of like to stick with  
16 that.

17 A Okay.

18 Q As you'll recall, it's a small company in the  
19 southeast part of the state, serving the Missouri  
20 exchanges of Bernie, Parma and Steele. And I believe you  
21 indicated that this is an area that -- it's in the white  
22 area that you don't currently serve, is it?

23 A That's correct. No.

24 Q Now, if you obtain ETC designation, what will  
25 you say in your web site to let potential customers in

1 Bernie or Parma, Missouri, know that they can now get your  
2 service?

3 A What will we say?

4 Q Uh-huh.

5 A I don't know if I can answer that question other  
6 than we're avail -- U.S. Cellular is now available.

7 Q But you indicated you would change the web site,  
8 correct?

9 A Yes, sir. Yes, sir, we would.

10 Q But you don't have any specific script in mind  
11 that you would use?

12 A No. No.

13 Q Okay. Give me, if you would, please -- and I  
14 know that this is repetitious, but I don't know that I've  
15 ever got it in one place at one time.

16 Can you take me through the six-step process  
17 that you would go through to get service to that customer  
18 in Bernie, Missouri?

19 A Well, we'll jump right to Step 5. In Step 5 --  
20 you want to go through each step?

21 Q Can we go through at least the first four, even  
22 though they may not apply in this step?

23 MR. LAFURIA: Your Honor, can we maybe place the  
24 steps in front of him, if need be, so that he can refer to  
25 them?

1           MR. ENGLAND: Oh, absolutely. I mean, I'm not  
2 trying to trick him.

3           A     I've got them here.

4           Q     Okay.

5           A     I've got them here. The first is new equipment,  
6 a new handset allows them to pick up a signal better than  
7 the one prior to. And in that example there, no, a  
8 handset's not going to work for that customer.

9           Q     Okay.

10          A     Roof mount antenna. Put a roof-mount antenna  
11 on. Obviously, a roof-mounted antenna will not work in  
12 that scenario. Too far away from existing cell sites.  
13 That will not work.

14                 Cell site adjustments. Need to bring cell  
15 sites. Cell site adjustments probably -- probably  
16 wouldn't work for this example that you put up in front of  
17 us -- in front of me this morning.

18                 Other adjustments, more specifically to the  
19 network, there are no other adjustments that I can see  
20 getting a customer service in that particular area in your  
21 example, which leads me to Step 5, which is the resell,  
22 offering the customer another carrier's service in that  
23 particular area.

24                 And then, lastly is, you know, a new cell site  
25 specifically. And at this particular point, we don't have

1 a cell site plan for the next 24 months in that area.

2 Q So the -- by the way, thank you for putting that  
3 all in one place for me at one time. Most likely, you  
4 would address that Bernie customer's request for service  
5 through a resale arrangement?

6 A In the next two years, that's correct.

7 Q Okay. And I believe in the earlier proceeding,  
8 I'm not sure if it was you, but another U.S. Cellular  
9 witness testified that you do not currently have resale or  
10 roaming agreements in place to provide service in  
11 particularly the Bernie or Parma areas today?

12 A I don't recall that conversation. But we do  
13 have resale and roaming agreements with carriers in that  
14 area.

15 Q Okay. Hold on just a second, please.

16 MR. ENGLAND: May I approach the witness, your  
17 Honor?

18 JUDGE WOODRUFF: Yes.

19 Q (By Mr. England) Mr. Wright I'm going to hand  
20 you the transcript from the earlier proceeding, and I  
21 believe this was a portion of the transcript where you  
22 testify. I believe it was in response to some questions  
23 from Mr. Stewart. Don't need to read it into the record,  
24 but just take a look at lines -- or page 132, beginning on  
25 line 8 through the bottom of the transcript carrying over

1 the top two lines of the next page and just kind of  
2 familiarize yourself with that testimony.

3 y A Right.

4 Q If you would, please --

5 A Page 11.

6 Q -- start here. And then it goes down, and it's  
7 -- yeah. It finished the answer there.

8 A Okay. Okay.

9 Q Have you -- have you read it?

10 A Yes, sir.

11 Q And maybe I completely misunderstood your  
12 testimony, but it appeared to me that Mr. Stewart was  
13 asking about resale roaming arrangements in the southeast  
14 part of the state, and you indicated that you did not have  
15 those agreements in place, at least at that time?

16 A I'm sorry. I must have misunderstood the  
17 question at the time.

18 Q okay. So the -- and not only today, but a year  
19 ago roughly, you do have roaming arrangements?

20 A We do have roaming arrangements --

21 Q Okay.

22 A -- with major carriers, yes.

23 Q Thank you. Thank you. I'll get that back  
24 before I forget it.

25 A Thank you.

1           Q     What rate plan -- this may be a confusing  
2 question, so ask me to restate it. What rate plan would  
3 customers in Bernie and Parma subscribe to if you were  
4 reselling another carrier's service?

5           A     It would be their voice. They would be almost  
6 any of our rate plans, \$39.99 rate plan, \$29.99, whatever  
7 choice based on their needs.

8           Q     So they -- even though you're reselling another  
9 carrier's service, you're offering your own rate plans to  
10 that Bernie or Parma customer?

11          A     Yes, sir. That's correct.

12          Q     Okay. And would you make that life line plan --

13          A     Yes, sir.

14          Q     -- the \$25, 400 minute plan that we talked about  
15 available?

16          A     Yes, sir. It would also be advertised in the  
17 area as well.

18          Q     Under a resale or roaming agreement with other  
19 carriers, can you be required to pay per minute type  
20 inter-carrier compensation?

21          A     I don't know if I know the answer to that  
22 question. In fact, I don't know the answer to that  
23 question.

24          Q     Okay. So you don't know that -- whether or not  
25 you may be paying more in inter-carrier compensation under

1 your roaming arrangement with another carrier than what  
2 that end user in Bernie might be paying you in revenue?

3 A No, I do not.

4 Q And do you know generally if you've -- if your  
5 company finds itself in -- in what I think some people  
6 refer to as upside-down arrangement where the customer  
7 isn't actually providing enough revenue to cover the --

8 A I do understand that, sir. Yes, I do.

9 Q And what's your understanding of that situation?  
10 Can you explain that for the record, please?

11 A In other words, if they're sitting in the -- if  
12 they're in that case in the boot heel and they're on our  
13 service, obviously, at this particular point, they're  
14 roaming on another carrier.

15 And at that point, we're collecting X amount of  
16 revenue versus the amount in which we're paying the  
17 expense for them to roam, that can be -- in some cases,  
18 can be more than what we're actually collecting, yes.

19 But, again, it's in reference to taking care of  
20 that customer. If they want to come on our rate plans and  
21 our service, then we'll make that available to them.  
22 That's the expense that it's taking -- that we're taking  
23 on our part.

24 Q And I believe you mentioned in response to one  
25 of my earlier questions that you do not have plans to



1 build any cell sites in the Bernie or Parma area within  
2 the next two years?

3 A Within the next two years, that's correct.

4 Q And how about within the next five years?

5 A It's within the next five years, for sure. I  
6 won't say for sure. It's in the -- it's in the horizon  
7 the plan to build down in the boot heel. As I mentioned  
8 earlier, we've got Springfield working on in this next  
9 year, and the boot heel is on the plan of attack for years  
10 to come.

11 Q And would those plans for the Bernie/Parma be  
12 tied to receipt of ETC or USF monies? Or are they already  
13 on the drawing board regardless of whether you get  
14 designated as ETC?

15 A I'm not sure how far off the beaten path Bernie  
16 and Parma is from the Cape Girardeau and Poplar Bluff.  
17 But my guess is they're far enough off where we were going  
18 to build originally that they would be considered a high  
19 cost support site, possibly.

20 Q I believe you indicated that you do not know, at  
21 least today, the number of cell sites U.S. Cellular has  
22 placed in the rural areas of Missouri, right?

23 A No, I do not.

24 Q Okay. But yet, I believe at page 4 of your  
25 testimony, lines 16 through 17, you state that the 39

1 sites you proposed -- or excuse me -- have identified in  
2 the build-out plan represent a significant -- significant  
3 leap forward in your construction plans that would not  
4 otherwise occur in the absence of support. Do you see  
5 that?

6 A Yes, I do.

7 Q But you're not prepared to tell us what percent  
8 of your total sites in existence these 39 represent?

9 A I know those 39 sites will significantly improve  
10 the experience of a customer being able to go to and from  
11 certain areas in Missouri and get coverage today that they  
12 wouldn't have otherwise got.

13 I don't think I was comparing -- I don't think I  
14 was trying to compare that to the exact sites today versus  
15 39 sites being added to it, no. Nor was it qualitative  
16 versus quantitative.

17 Q Now, in response to a data request that actually  
18 was propounded by CenturyTel but was shared with the  
19 parties and which you signed off on --

20 MR. ENGLAND: And I'm afraid I'm going to be  
21 getting into some -- it has to do with the number of  
22 towers that were -- or cell sites, excuse me, that were  
23 placed since the last hearing. And I think I'm going to  
24 need to go in-camera because I'm going to ask specific  
25 numbers.

1 JUDGE WOODRUFF: All right.

2 MR. ENGLAND: Is that correct?

3 MR. LAFURIA: (Mr. LaFuria nods head.)

4 JUDGE WOODRUFF: At this point, then, we will go  
5 in-camera. Anyone who needs to leave, please do so.

6 REPORTER'S NOTE: At this point, an in-camera  
7 session was held, which is contained in Vol. 5, pages 550  
8 through 554.

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1 CONTINUED CROSS-EXAMINATION OF NICK WRIGHT

2 BY MR. ENGLAND:

3 JUDGE WOODRUFF: All right. We're back in  
4 regular session.

5 Q (By Mr. England) Mr. Wright, in the last  
6 hearing in this case, you testified that U.S. Cellular had  
7 spent close to \$160 million in rural Missouri. Do you  
8 recall that?

9 A Yes.

10 Q And at that time, 2005, U.S. Cellular would have  
11 been in business in Missouri for 16 years, right?

12 A Uh-huh.

13 Q So it appears U.S. Cellular has been investing,  
14 at least on average, \$10 million dollars a year in its  
15 rural Missouri infrastructure without USF support, right?

16 A If you -- if you average it, yes. But I believe  
17 -- I don't think averaging is the right way to go. It  
18 goes up and down based on the needs of the business and  
19 growing on its capital plus and minus. So I don't know if  
20 averaging is the right way to go. But, yes, if you wanted  
21 to average, that would be a good average.

22 MR. ENGLAND: Thank you very much. I have no  
23 other questions.

24 JUDGE WOODRUFF: Thank you. For AT&T?

25 CROSS-EXAMINATION

1 BY MR. GRYZMALA:

2 Q Good morning, Mr. Wright?

3 A Good morning.

4 Q I just have a couple questions of you --

5 A Okay.

6 Q -- about a concept that you had some discussion  
7 with Mr. Haas. And I think you used the term, am I  
8 correct, high value sites versus ETC sites?

9 A Yes, sir.

10 Q There are a difference between the two?

11 A The big -- bigger rural versus non-rural is a  
12 better way of putting it.

13 Q Okay. Let me just ask you a little bit to get a  
14 better understanding of that. A high value site would not  
15 be an ETC site. And, I mean, an ETC site would not be a  
16 high value site, correct?

17 A Correct.

18 Q In other words, they're mutually exclusive?

19 A (Witness nods head.)

20 Q You have to answer for the reporter.

21 A I'm sorry. Say the question one more time. You  
22 got me -- maybe I got myself twisted and turned around.

23 Q Would it be true that a high value site is not  
24 -- is necessarily not an ETC site and that an ETC is  
25 necessarily not a high value site? In other words,

1 they're mutually exclusive? They are one or the other?

2 A Right. Okay. I can agree with that.

3 Q Okay. Every site is one or the other?

4 A Right.

5 Q And -- and to characterize your testimony, U.S.  
6 Cellular has fairly figured out a list in some shape or  
7 form which among the Missouri wire center areas represent  
8 high value sites to U.S. Cellular and which of those  
9 represent ETC sites, correct?

10 A Correct.

11 Q Okay. Would you provide the Commissioners and  
12 the parties with some clear examples of high value sites?

13 A Specifically, downtown St. Louis. I guess I  
14 separate the St. Louis from rural Missouri.

15 Q St. Louis is one?

16 A Yes.

17 Q How about a few more?

18 A Primarily, that. But I -- the separation I'm  
19 looking at is -- we're looking at is St. Louis and then  
20 the rest of the Missouri would be a high cost site.

21 Q Okay. Are you familiar with St. Louis,  
22 generally?

23 A Yeah. Pretty much, yeah.

24 Q Do you know what the county is?

25 A I do not.

1 Q Do you know the City is -- City of St. Louis is  
2 a bounded city? It's land-locked?

3 A Right.

4 Q And you're familiar, are you not, with the --  
5 with the geography in which there are numerous suburbs and  
6 areas --

7 A Oh, I am, yes.

8 Q -- in the city? Okay. Which of those areas  
9 would also be high value areas within the those areas?

10 A Again, I'm looking at just downtown St. Louis  
11 area, which is about 250,000 people downtown St. Louis.

12 Q So, for example, if St. Charles County had  
13 approximately 350,000 residents, if not more, would you  
14 also agree that's a high value city, too?

15 A It is.

16 Q Would you also agree that Manchester is a high  
17 value?

18 A Yes.

19 Q Would you agree that Harvester is high value?

20 A I don't know about Harvester .

21 Q Chesterfield?

22 A Chesterfield, yes.

23 Q No question, is there? Valley Park?

24 A I don't -- not familiar with Valley Park.

25 Q Fenton?



1 A Yes.

2 Q Cape Girardeau?

3 A Not necessarily.

4 Q So your view of a high value city or high value  
5 wire center is one for which no ESP support is necessary  
6 for U.S. Cellular to justify moving in and expanding,  
7 correct?

8 A That's correct.

9 Q Okay.

10 A We -- we get to those areas with our typical --  
11 our typical process of building.

12 Q Right. Regardless of ETC?

13 A We're going to get those areas, the areas  
14 outlining of those that we're not going to get to in the  
15 foreseeable future. And the ETC high cost support allows  
16 us to get to those areas quickly.

17 Q I want to make very, very clear we understand  
18 each other. U.S. Cellular's high value wire center areas  
19 are areas in which U.S. Cellular intends to build  
20 regardless of whether it gets high cost support money --

21 A The --

22 Q -- correct?

23 A -- cities like St. Louis. That's a correct  
24 example, yes.

25 Q And the answer is yes; is it not?

1 A Yes.

2 Q In fact, you refer to these areas at page 4 of  
3 your surrebuttal -- supplemental surrebuttal. At line 15,  
4 you call them St. Louis and other high value areas. Do  
5 you see that?

6 A That's correct.

7 Q And you say, do you not, that, Our substantial  
8 capital investments at St. Louis and other high value  
9 areas are going to be made --

10 A Yes.

11 Q -- irrespective of ETC support?

12 A That's correct.

13 Q Okay. Let me --

14 MR. GRYZMALA: May I approach the witness, your  
15 Honor?

16 JUDGE WOODRUFF: You may.

17 Q (By Mr. Gryzmala) Mr. Wright, I will -- I have  
18 just handed you what I'll represent to you is Exhibit C,  
19 as in Charlie, of your original application. Do you  
20 recognize that as being the wire center areas in which  
21 U.S. Cellular seeks support?

22 A Yes.

23 Q Or seeks ETC designation, correct?

24 A Yes.

25 Q Let me just ask you, you see Manchester on

1 there, do you not, in the SBC Missouri exchanges, now AT&T  
2 Missouri?

3 A I see Chesterfield as an example.

4 Q Harvester?

5 A Yes.

6 Q Valley Park?

7 A That's correct.

8 Q Fenton?

9 A Yes.

10 Q And, in fact, St. Louis is on that exhibit as a  
11 wire center area in which you would like ETC designation;  
12 is that correct?

13 A We will --

14 Q Is it listed on the exhibit, sir? Would you  
15 please --

16 A Yes, it does. I mean --

17 Q Okay. That's the only question I had. Thank  
18 you. You had had a bit of discussion with counsel about  
19 the boot heel.

20 A Uh-huh.

21 Q Do you recall that?

22 A Yes, I do.

23 Q And is it fair to state that AT&T Missouri has a  
24 substantial number of exchanges in which it provides  
25 service in that part of area, the southeast area?

1           A     It's fair.  Yes.

2           Q     So is it also fair to say that of the ETC -- or  
3 I'm sorry -- the AT&T Missouri exchanges in which you all  
4 have asked for ETC designation, there are some exchanges  
5 which are high value, correct?

6           A     Right.

7           Q     And there are other exchanges in which you have  
8 no coverage today and no specific coverage tomorrow, i.e.,  
9 within two years --

10          A     Right.

11          Q     -- Under your network plan, correct?

12          A     That's correct.

13          Q     And one of those areas is the multiple AT&T  
14 exchanges in the southeast of the boot heel, correct?

15          A     Correct.

16                 MR. GRYZMALA:  That's all I have.  Thank you.

17                 MR. WRIGHT:  Thank you.

18                 JUDGE WOODRUFF:  Thank you.  We'll come up for  
19 questions from the Bench.  Commissioner Murray?

20                 COMMISSIONER MURRAY:  Thank you.

21                                 CROSS-EXAMINATION

22           BY COMMISSIONER MURRAY:

23           Q     Good morning.

24           A     Good morning to you.

25           Q     I see your office is in my home town.

1           A     Tulsa?

2           Q     Tulsa.  Do you think that USF support can be  
3 used for non-high cost wire centers?

4           A     Non-high cost wire centers.  No, we cannot.  
5 Just in the high cost areas.

6           Q     Okay.  On page 5 of your testimony, at lines 24  
7 through 26 -- and on those lines, you're discussing  
8 witness Schoonmaker's statement, that the Commission needs  
9 to review all of U.S. Cellular's network expenditures.

10                     And you say at line 24, "I believe the  
11 Commission will get a clearer picture of how support is  
12 being used by reviewing U.S. Cellular's annually reported  
13 USF expenditures in Missouri confirming whether they  
14 correspond to the amounts received by U.S. Cellular and  
15 determining whether the -- whether U.S. Cellular has made  
16 satisfactory progress on its service quality improvement  
17 plans in the rural parts of the state."  Is that correct?

18           A     I think that's correct.

19           Q     Is that how we review the ILECs and other CETC  
20 USF expenditures?

21           A     I don't believe I know the answer to that.  I'm  
22 sorry.

23           Q     Okay.  Are the intervenors arguing that, one,  
24 you must currently be serving every area you request for  
25 designation?

1           A     That's how I understand it.  Yes.

2           Q     And at the same time, are they arguing that if  
3 you had been able to serve those areas without USF, you  
4 don't qualify for USF?

5           A     Run that by me one more time.  I'm sorry.

6           Q     Are they also arguing that if you have been able  
7 to serve those areas without USF support that you don't  
8 qualify for USF because you could serve them without it?

9           A     I'm not sure they're arguing that.

10          Q     What do you think they're saying in terms of the  
11 areas that you are currently serving?

12          A     Well, I -- I believe they're saying in the areas  
13 that we are currently serving that we don't need  
14 additional coverage in those areas, whereas our argument  
15 is that we still do.

16                     Even though a map may look like it's covered,  
17 there's probably quality improvements needed in those  
18 areas for that particular customer.  So the areas that we  
19 are currently serving, I think they're arguing we don't  
20 need investment there as we're saying we still do need the  
21 investment.

22          Q     Well, it seems to me that they are arguing that  
23 the areas that you serve you don't need -- you don't  
24 qualify, you don't need the support.

25          A     That's --

1 Q So I hear that as you're damned if you do,  
2 you're damned if you don't?

3 A Well, that's --

4 Q Yeah. If you do serve them, you don't qualify.  
5 If you don't serve them, you -- you can't qualify?

6 A The way you put that, Commissioner, you're right  
7 on target. You're damned if you do and damned if you  
8 don't I think is a good way of putting it.

9 Q Are there certain areas in Missouri that  
10 U.S. Cellular views as high cost that other carriers such  
11 as AT&T, for example, considers rather than high cost  
12 consider those same areas high value areas?

13 A I don't know. I'm not sure I can answer that  
14 question.

15 Q But is it your testimony that you have not asked  
16 for USF support in any high value exchanges?

17 A That's correct. We want to build out in those  
18 areas that we know we would not otherwise be able to build  
19 out in the foreseeable future, which would be the -- the  
20 non -- as an example, the non-St. Louises, the  
21 non-Springfields. Those -- those markets, we're going to  
22 the bring network to.

23 Q Okay. And the four areas that previously you  
24 had said you would not be able to serve without USF  
25 support but you have since --

1           A     Yes, ma'am.

2           Q     -- established service, that seems to be a bone  
3 of contention with, particularly, the Staff --

4           A     Yes.

5           Q     -- of the Commission. How would you explain  
6 that at the time of your original testimony you did not  
7 think that those areas would be able to be served without  
8 USF support, but then since decided that they would be?

9           A     Commissioner Murray, I would -- I would say,  
10 clearly, that our business changes a lot, the wireless  
11 business. It changes a lot.

12                     And as I mentioned earlier, two of those sites  
13 that were mentioned that we put on -- on a network this  
14 year had major microwave issues, again, Alan Johnson can  
15 probably refer to this more specifically, that was really  
16 clogging up the whole ability of us moving traffic around  
17 through southern Missouri, two of those sites for sure.

18                     And we did not see that two years ago or when we  
19 were preparing the initial list for -- for review. And  
20 the other two, quite frankly, it just got to a point where  
21 we were getting feedback from customers that just started  
22 to build and accelerate over the last few years, so we  
23 just felt like we needed to.

24                     It comes down to the customer. And, yeah, the  
25 customer -- maybe we didn't look in detail enough a couple



1 years ago when we put the list together, but it got to a  
2 point to where we needed to get it done and we had to  
3 focus on the customer. It over-rided the original ETC  
4 plan originally presented.

5 Q Okay. The telecommunications business,  
6 particularly wireless telecommunications is pretty  
7 dynamic, is it not, from year to year?

8 A Yes it is.

9 Q Or from month to month even?

10 A Yes, it is.

11 MR. GRYZMALA: Okay. I think that's all I have.

12 Thank you.

13 MR. WRIGHT: Thank you, Commissioner Murray.

14 JUDGE WOODRUFF: Commissioner Appling?

15 CROSS-EXAMINATION

16 BY COMMISSIONER APPLING:

17 Q Mr. Wright, how are you doing this morning?

18 A I'm good, Mr. Appling -- Commissioner Appling.

19 Q For one thing we can agree on that each one of  
20 those companies is telling us not to approve your  
21 application. We agree on that this morning?

22 A Yes.

23 Q Let's go on your direct testimony to page 15, I  
24 believe.

25 A 15, sir?

1           Q     Page 15. Yes. And the reason I'm asking you to  
2 address this question -- again, you can recap it for me.  
3 Because I sat on the -- on the Stage 9, E-911 committee,  
4 and we're making a recommendation to the Governor that  
5 they put on some finance that we assigned in 911.

6                     So what I want you to do, please, is take a  
7 quick look at that question because each one of the  
8 companies has said one of the reasons you should not --  
9 your application should not be approved is the public  
10 interest.

11           A     Uh-huh.

12           Q     Recap that -- that question for me.

13           A     Okay. I didn't want to interrupt you, but I  
14 only have page 13 of my testimony. So I have a --

15                     MR. LAFURIA: I'm sorry. I think you asked  
16 about his direct. Did you ask about his direct testimony  
17 from the last hearing?

18                     COMMISSIONER APPLING: Yes.

19                     MR. LAFURIA: He can probably pull it up on a  
20 laptop.

21                     COMMISSIONER APPLING: So he's missed a great  
22 opportunity. I'll give it to you. I'll find it here.  
23 I'll give him mine if I can get it out of here.

24           Q     (By Commissioner Appling) Direct testimony,  
25 page 15. I think the question is -- it's public --

1           A     What are the public benefits to be achieved by  
2 U.S. Cellular's designation? And -- and if I can respond,  
3 in a big way is -- is bringing coverage to those areas  
4 right now that don't have good coverage or at all.

5                     And I think the example that we used last year  
6 was the tractor that fell on somebody in the middle of the  
7 field and did not have the opportunity to -- to dial out  
8 and make an emergency call at that particular time.

9           Q     Okay.

10          A     But this two-year plan allows us to possibly get  
11 to that farmer or that -- that person that you had  
12 mentioned last year. That's -- that's what this is all  
13 about because that person maybe doesn't get coverage in  
14 the foreseeable future without high cost support.

15                     And that's what we understand this program to be  
16 all about.

17          Q     Okay. I think that was the only question I had.  
18 But if you back up on that testimony, you have a couple of  
19 pages there, I think it's page 13 -- I believe 18, I have  
20 another question that I had marked.

21          A     Okay.

22          Q     What is the question?

23          A     What exact -- exactly what is U.S. Cellular's  
24 commitment regarding the use of federal high cost funds in  
25 Missouri?

1 Q Correct?

2 A Correct?

3 Q Yes.

4 A Our commitment, as I said under oath then and  
5 I'll say it again today, we understand that this -- this  
6 support is incremental in dollar for dollar over what we  
7 will build in a particular build plan in mid Missouri, and  
8 we understand that.

9 And that I'm prepared each review process to  
10 come and stand before this Commission and tell this  
11 Commission where that money went, why it went where it  
12 went and justify the program itself. And we're committed  
13 to do that. We've done that in six other states, and we  
14 are fully prepared to do that in this state.

15 Q You also said on one of those pages that you all  
16 are committed to building 16 towers, I believe, in 18  
17 months?

18 A Right. Yes, sir.

19 Q If we approve this and say you was approved for  
20 1 January of -- one April, whatever the case is, do you  
21 all have the land already secured to build those towers?

22 A We're -- we're out looking right now. We're out  
23 in early acquisition meetings that we're out looking for  
24 property as we speak. So we're proactively -- we're  
25 proactively assuming that this will be approved, and we're

1 out looking as we speak right now because we understand  
2 with the approval comes, Okay, now you've got to get  
3 building.

4 So it's at our expense at this particular point,  
5 but we're always out looking -- we're always out looking  
6 for property. But in these specific areas, we are out  
7 looking.

8 Q And I assume you all lease these properties,  
9 right?

10 A In most cases, we do.

11 Q Okay. What is the length of time it takes to  
12 put up a tower?

13 A My understanding is about 18 months, typically,  
14 depending upon whether or not we co-locate -- we jump on  
15 services of another company or systems of another company.  
16 But, typically, around 18 months.

17 Q My last job, I had -- I went to different  
18 counties in the state, and sometimes securing land and  
19 location case can get to be a tiring situation, so --

20 A Yeah.

21 Q -- I asked that question. And that's a question  
22 that needs to be -- to be looked at pretty hard. Thank  
23 you very much for your time, sir.

24 A Thank you, sir.

25 JUDGE WOODRUFF: Thank you.

1 MR. WRIGHT: Thank you for your copy, too.

2 JUDGE WOODRUFF: All right. Recross based on  
3 questions from the Bench? Public Counsel, any questions?

4 MR. DANDINO: No questions, your Honor. Thank  
5 you.

6 JUDGE WOODRUFF: And Staff?

7 MR. HAAS: No questions, your Honor.

8 JUDGE WOODRUFF: CenturyTel?

9 MR. STEWART: No questions.

10 JUDGE WOODRUFF: Small Telephone Group?

11 MR. ENGLAND: No questions, thank you.

12 JUDGE WOODRUFF: AT&T?

13 MR. GRYZMALA: None, your Honor.

14 JUDGE WOODRUFF: all right. Then we'll go to  
15 redirect.

16 MR. LAFURIA: Thank you.

17 REDIRECT EXAMINATION

18 BY MR. LAFURIA:

19 Q Mr. Wright, you were asked some questions on  
20 cross about cell sites, four cell sites in particular that  
21 got built. And I want to point out just a little bit more  
22 here on redirect.

23 Can you talk just a little bit about how the  
24 company prioritizes its cell sites and how cell sites --  
25 proposed cell sites move up or down or, let's say, on and

1 off of a priority list?

2 A We have a process, an annual process where teams  
3 within a certain market, say, Missouri as an example,  
4 engineering teams, sale teams get together, and we talk  
5 through where the customer -- the customer demand is,  
6 where the customer network is knowing what the issues are.

7 And in those particular areas, we are  
8 prioritizing where sites will be built. So it's a team  
9 effort across the board, engineering and sales, and it's  
10 an ongoing list that we work through.

11 Q Do you have something that would be fairly  
12 characterized as cell sites that are above the line and  
13 cell sites that are below the line? And if so, could you  
14 explain what that means?

15 A We have -- that's -- as it sits today, we are  
16 separating our -- what we consider to be our ETC sites  
17 from our Missouri site -- or typical Missouri build sites.  
18 And, typically, it's -- these sites would not be built if  
19 it weren't otherwise for ETC support or high cost support.

20 Q So is it fair to say that the four cell sites  
21 that got built at the time you first filed this  
22 application were considered below the line?

23 A That's correct.

24 Q And is it fair to say, then, that they moved  
25 above the line at some point after you filed?

1           A     Based on customer feedback and the known  
2 technical issues that I brought up, yes.

3           Q     Okay. That was my follow-up question. Do you  
4 -- do you build a business case for every site --

5           A     No.

6           Q     -- that you propose to build?

7           A     No. For every site, no.

8           Q     If this Commission had adopted rules that said  
9 U.S. Cellular has to put in a five-year build plan as --  
10 as some states do, could you subsequently characterize  
11 what that map would look like if we put in a five-year  
12 plan showing \$55 million in investment?

13          A     Yes. We can predict what five years would look  
14 like based on number of sites and dollar amounts  
15 collected, yes.

16          Q     Can you just give me a general characterization  
17 of what that map would look like if you were projecting  
18 out five years as opposed to two?

19          A     There would be a heck of a lot more green on  
20 that map, which would include the boot heel area.  
21 Obviously, Springfield would be now covered. And those  
22 areas of high cost support we're talking with the green  
23 areas as it is today would continue to widen in that  
24 five-year process, yes.

25          Q     So two years isn't the end of -- the end of



1 your --

2 A Yes.

3 Q I'm sorry. Just let me finish my question. Two  
4 years isn't the end of your investment cycle for universal  
5 service support, is it?

6 A No.

7 Q Have you done any projections at all yet to  
8 determine any below the line cell sites in Year 3?

9 A Better ask for Alan.

10 Q Could you please describe a little bit more  
11 about how U.S. Cellular segregates the funding that it  
12 gets from the high cost support system in other states and  
13 that it can assure the other states that this investment  
14 is incremental?

15 A Through an annual process, as I mentioned, we  
16 are -- we are separating the expenses relative to an ETC  
17 build, the case of Washington, which is the current state  
18 that we were granted -- have been granted ETC status, we  
19 are separating those sites and all the expenses related to  
20 those sites.

21 And we match it up and bump it up against our  
22 typical build plan to show that there is an investment on  
23 U.S. Cellular's part, but, also, that the money that we're  
24 getting from ETC is being invested in sites over and above  
25 or, to your point, below the line of what we typically

1 would build. And we're doing that through an annual  
2 process. And so far to date, all six states, it has been  
3 -- received well by process.

4 Q Do you know whether in other states where U.S.  
5 Cellular has been designated the map looks similar to this  
6 in this one respect? That is, are there states where  
7 U.S. Cellular has been designated where the map shows  
8 some large white areas that the company does not propose  
9 to serve within its current build plan?

10 A Yes. There are other states that show white  
11 area as well.

12 Q Give an example.

13 A Washington, Oklahoma, Oregon.

14 Q Thank you. Mr. Wright, I want to compliment you  
15 on your ability to answer the questions dealing with your  
16 400-minute rate plan.

17 However, there's one that you were asked -- it  
18 was a question I think from Mr. England about whether  
19 there would be an early termination fee for life line  
20 customers, and he referred you back to your testimony from  
21 the prior hearing. I want to try that again.

22 MR. LAFURIA: Your Honor, may I approach?

23 JUDGE WOODRUFF: You may.

24 Q (By Mr. LaFuria) I want to place in front of  
25 the witness pages 153, I guess -- 153 and 154 from the

1 prior hearing transcript.

2 JUDGE WOODRUFF: All right.

3 Q (By Mr. LaFuria) Start here. Mr. Wright, take  
4 a moment and just read the question at the bottom on 153  
5 carrying over on 154, and let me know when you're done,  
6 please.

7 JUDGE WOODRUFF: We'll go off the record for a  
8 moment here while the court reporter changes her tape.

9 MR. WRIGHT: Okay.

10 (Break in proceedings.)

11 JUDGE WOODRUFF: Okay. We're back on the  
12 record.

13 Q (By Mr. LaFuria) Mr. -- are you ready?

14 A I'm ready.

15 Q Mr. Wright, this morning you were asked whether  
16 U.S. Cellular would charge an early termination fee to  
17 life line customers who terminate their contract before  
18 the end of the contract term. And you were referred to a  
19 transcript page from the prior testimony, which I believe  
20 your answer was yes, that's the case.

21 I've referred you to pages 153 and 154 of that  
22 transcript. Having reviewed it, would you like to clarify  
23 your answer?

24 A On the \$25 400-minute plan, there would be not  
25 be -- there would not be a contractual obligation.

1 Q So if a customer --

2 A Life line customer.

3 Q -- life line eligible terminates their contract  
4 in the third month, do they have to pay an early  
5 termination?

6 A No, they do not.

7 Q I'm sorry?

8 A They do not.

9 Q Thank you.

10 MR. LAFURIA: Your Honor, may I approach again?  
11 I have one more.

12 JUDGE WOODRUFF: Yes.

13 Q (By Mr. LaFuria) Mr. Wright, this morning you  
14 were asked whether the company currently has roaming  
15 agreements in place, and I believe your answer was yes.  
16 And I believe then you were referred back to your initial  
17 cross-examination testimony in the prior proceeding where  
18 you had answered no. Do you recall that?

19 A Yes, I do.

20 Q Okay.

21 MR. LAFURIA: May I approach again, your Honor?

22 JUDGE WOODRUFF: Yes.

23 Q (By Mr. LaFuria) Read this.

24 A Okay.

25 MR. LAFURIA: Your Honor, I placed page 189 of

1 the prior transcript in front of Mr. Wright.

2 Q (By Mr. LaFuria) Mr. Wright, the questions  
3 there are on redirect from the prior hearing. Can you  
4 please clarify now finally whether U.S. Cellular has  
5 roaming agreements in place ready to go to -- so that it  
6 can complete its six-step process?

7 A Yes. We do have roaming agreements in place  
8 today.

9 Q So if I understand this correctly, your  
10 company's commitment to offer and advertise the services  
11 supported by universal service throughout this area is  
12 immediate?

13 A Yes.

14 Q And it's U.S. Cellular commitment to follow the  
15 Public Service Commission's new set of ETC rules that they  
16 recently adopted?

17 A Yes, we do.

18 Q Now, when we look on this map, I think you were  
19 cross-examined by Mr. Gryzmala about the fact that  
20 U.S. Cellular proposes to be designated an ETC in  
21 St. Louis, correct?

22 A That's correct.

23 MR. LAFURIA: Sorry, your Honor.

24 Q (By Mr. LaFuria) Does U.S. Cellular propose to  
25 spend any of the funds that it gets here in St. Louis or

1 any of those other high value areas that Mr. Gryzmala  
2 identified?

3 A No, we do not.

4 Q If U.S. Cellular does spend dollars in those  
5 areas, would you expect the company to have a problem when  
6 they come back before this Commission to be re-designated  
7 the following year?

8 A Yes, I do.

9 Q But does getting ETC status in St. Louis have a  
10 value to customers who would be eligible for life line in  
11 St. Louis?

12 A Yes, it would.

13 Q What value is that?

14 A Discounted monthly rate, the ability to -- the  
15 ability to get on service without a credit check or the  
16 benefits of the credit process for life line service, yes.

17 Q So if there are life line consumers in  
18 St. Louis today who are not on network, they would then  
19 have a choice of your service?

20 A Yes, they would.

21 Q Has U.S. Cellular been successful with its life  
22 line efforts in other states where it's been designated?

23 A Yes, we have. In some parts, 60 percent of our  
24 customer base. More mature markets, 60 percent of our  
25 customer base. So, yes, we have.

1           Q     This last question might be better for  
2 Mr. Johnson, but I know you're a native of Missouri and  
3 may have -- may know this. SBC Missouri has certain wire  
4 centers that they -- that they serve which are outside of  
5 St. Louis and are out of the rural areas.

6                     What you know of the company's application, the  
7 39 cell sites that are being proposed here, are there any  
8 areas out here which you would consider high value, low  
9 cost areas to build on your 39 cell site plan?

10          A     One more time. Say that question one more time.

11          Q     On the 39 cell sites that you propose to build  
12 out here, are any of them considered to be high value, low  
13 cost to build?

14          A     No.

15          Q     And at the very end, you mentioned that the  
16 company has started some type of either site acquisition  
17 or other process to some of these sites in anticipation of  
18 getting a grant; is that correct?

19          A     Yes.

20          Q     Is the investment that you've made in that at  
21 risk?

22          A     Yes, it is at risk. We fully realize that if  
23 we're not granted the status, that's just money out of our  
24 pocket at this particular point. Yes, it's at risk.

25                     MR. LAFURIA: Your Honor, that's all I have.

1           JUDGE WOODRUFF: Thank you. Why don't you go  
2 ahead and call your next witness? I will tell the parties  
3 we'll break for lunch at about five till 12, within a few  
4 minutes.

5           MR. LAFURIA: Your Honor, U.S. Cellular would  
6 call Alan Johnson to the stand.

7           JUDGE WOODRUFF: Okay. Good morning, Mr.  
8 Johnson.

9           MR. JOHNSON: Good morning.

10          JUDGE WOODRUFF: Would you please raise your  
11 right hand?

12                                   ALAN JOHNSON,  
13 being first duly sworn to testify the truth, the whole  
14 truth, and nothing but the truth, testified as follows:

15                                   DIRECT EXAMINATION

16 BY MR. LAFURIA:

17          JUDGE WOODRUFF: You may be seated. And you can  
18 inquire.

19          Q     (By Mr. LaFuria) Good morning. Please state  
20 your name and address.

21          A     My -- pardon me. My name is Alan Johnson. I'm  
22 -- my address is 1210 South Detroit, Tulsa, Oklahoma,  
23 74120.

24          Q     And are you the same Alan Johnson that caused to  
25 be filed in this proceeding supplemental surrebuttal



1 testimony consisting of 19 pages and associated exhibits?

2 A Yes.

3 MR. LAFURIA: I believe, your Honor, this has  
4 been marked as Exhibit 26.

5 JUDGE WOODRUFF: Yes.

6 Q (By Mr. LaFuria) Mr. Johnson, do you have any  
7 corrections to make to any of your testimony?

8 A No, I do not.

9 Q And if I were to ask you the same questions that  
10 are contained in this testimony, would your answers be the  
11 same?

12 A Yes, they would.

13 Q Were your answers given in that testimony true  
14 and correct to the best of your knowledge, information and  
15 belief?

16 A Yes, they are.

17 MR. LAFURIA: Your Honor, I move the admission  
18 of Exhibit 26 into evidence.

19 JUDGE WOODRUFF: All right. 26-NP and HC has  
20 been offered into evidence. Are there any objections to  
21 its receipt? Hearing none, it will be received into  
22 evidence.

23 (Exhibit Nos. 26-NP and 26-HC were admitted into  
24 evidence.)

25 MR. LAFURIA: Thank you, Judge. I now tender

1 the witness for cross-examination.

2 JUDGE WOODRUFF: Thank you. Public Counsel is  
3 not present in the room right now, so we'll go to Staff.

4 CROSS-EXAMINATION

5 BY MR. HAAS:

6 Q Hello, Mr. Johnson.

7 A Good morning.

8 Q Would you please turn to Highly Confidential  
9 Appendix 3 to U.S. Cellular's compliance filing?

10 A Appendix 3?

11 Q Yes.

12 A I may need some help as to -- okay. Okay.

13 Q Do you see where the -- the third expense  
14 category -- pardon me. It's the second expense category  
15 followed by Footnote 3.

16 A Correct. Yes.

17 Q And it says that that expense is calculated as a  
18 percentage. Please explain why that expense is calculated  
19 as a -- as a percent instead of as a -- an average amount  
20 of dollars.

21 A What -- what we did when we calculated the other  
22 capital expenditures is looked at our historical spending  
23 on the additional capital required to support the cell  
24 sites on a per cell site basis. So, historically, that  
25 worked out to this percentage, and we applied that going

1 forward.

2 Q Does this percentage include anything that might  
3 be called an overhead or a markup?

4 A No. There's no -- no overhead or markup.

5 Q Would you please turn to page 13 of your  
6 supplemental surrebuttal testimony?

7 A Okay.

8 Q And on that page, you were discussing the  
9 prioritization of cell sites for construction. Does U.S.  
10 Cellular maintain two lists, one for cell sites that can  
11 be built without the receipt of high cost support and a  
12 second for cell sites that would not be built without the  
13 receipt of high cost support?

14 A We -- we actually maintain a list that -- it's  
15 probably more accurately characterized as one complete  
16 list. And we prioritized all of the sites on that list.

17 And as David LaFuria mentioned, we look at more  
18 of a above the line, below the line concept where the  
19 priority of -- of the sites above the line are such that  
20 they are included in the planning process for the -- for  
21 the next year as opposed to the -- the ones below the  
22 line.

23 Q Is there literally a line on this sheet so that  
24 we could -- someone could look at it and say, okay, I  
25 understand these are above the line and these are below

1 the line?

2 A What -- what we did in terms of submitting 39  
3 sites is we -- we took all of those sites that were --  
4 that were below the -- our line and submitted them as --  
5 for the next two years.

6 Q What factors does U.S. Cellular use to classify  
7 a cell site as one that can be built without high cost  
8 support?

9 A We actually look at all sites pretty much in the  
10 same way. We -- we take a look at priority of the site  
11 based on several different inputs. Growth going on in the  
12 markets. We look at statistics from our system in terms  
13 of the performance of our system. We use customer  
14 complaints as an indicator of where we're -- where  
15 customers are experiencing issues as well as input from  
16 our -- our internal field folks to understand where the  
17 problems are in the network and, thus, work it into a  
18 priority for each site.

19 Q Mr. Wright said that primarily population was  
20 the factor?

21 A Well, population is certainly one factor, which  
22 I -- I didn't bring that one up. He had brought it up.  
23 But population definitely is a factor in terms of -- of  
24 substantiating or prioritizing the same.

25 Q Now, this question may be redundant, but what

1 factors does U.S. Cellular use to classify a cell site as  
2 one that would not be built without high cost support?

3 A Yeah. It -- it is redundant because, as I  
4 mentioned, the -- we use the same criteria to -- to  
5 prioritize all sites, and then we -- we list those sites  
6 in priority order.

7 And we determine what we can support in terms of  
8 -- of a business plan. And then those sites that aren't  
9 supported by the business plan are considered to be below  
10 the line. So in other words, those sites would not be  
11 done without high cost support.

12 Q Going back to Mr. Wright's testimony that  
13 primarily population is the factor, does U.S. Cellular  
14 have a -- a bright line test for -- for population?

15 A I'm not familiar with any particular, I guess,  
16 bright line test as such. As I mentioned, you know, the  
17 factors that I brought up are -- are what we considered.  
18 And we do that on a -- on a continual regular basis.

19 Q Turning to page 20 of your testimony at --

20 A Page 20?

21 Q Pardon me. Pardon me. Page 13.

22 A Page 13. Okay.

23 Q Line 20.

24 A Line 20. Okay.

25 Q You state, "In our business, a year is a very

1 long time. And for very good reasons, there were four  
2 cell sites that moved up our list of sites that will not  
3 be built."

4           You put quotation marks around the words will  
5 not be built. Can you explain why you highlighted those  
6 words?

7           A     Well, I think what we're trying to emphasize is  
8 that if we go back up to line 19, we stated when we first  
9 provided the list, we told the Commission that the list  
10 could change. And it did.

11          Q     Is U.S. Cellular saying these sites will not be  
12 built or will not be built within a certain time frame?

13          A     What we're -- what we're saying is looking up  
14 the horizon that we see, these sites will not be built.

15          Q     And what is the length of that horizon?

16          A     Two years at this point.

17          Q     Looking at these four areas where the cell  
18 towers were built, did those four areas have any  
19 significant population change in that one-year period?

20          A     No. They did not, to my knowledge.

21               MR. HAAS: Thank you. That's all my questions.

22               JUDGE WOODRUFF: All right. Thank you. Before  
23 we go on to CenturyTel for cross-examination, it's -- it's  
24 lunch time, so I'll let you go to lunch. We'll come back  
25 at 1:00.

1 (Lunch recess.)

2 JUDGE WOODRUFF: Before we went to lunch,  
3 Mr. Johnson was on the stand, and CenturyTel was about to  
4 start cross-examination, so let's go ahead and proceed.

5 MR. STEWART: Thank you, your Honor.

6 CROSS-EXAMINATION

7 BY MR. STEWART:

8 Q Good afternoon, Mr. Johnson.

9 A Good afternoon.

10 Q If I understand your testimony with respect to  
11 some questions Mr. Haas had asked you right before lunch,  
12 did you say that U.S. Cellular only has a two-year  
13 business planning horizon?

14 A No. What I -- what I specifically said was that  
15 -- that for the purpose of the ETC plan, what -- what we  
16 presented was two years as requested.

17 Q I see. What is your overall business planning  
18 horizon?

19 A We try to look out at least two to three years.  
20 But, obviously, as we move, you know, into the outer  
21 years, three, four, five, the -- you know, the plans are  
22 fuzzier in terms of specific sites and things like that.

23 Q So because it's -- at least on the ETC side  
24 because it's limited to two years, you -- you really can't  
25 provide the Commission with any commitments or plans for

1 additional infrastructure investments past those two years  
2 that are contained in your currently filed plan?

3 A The -- say it again. Pardon me.

4 Q Okay.

5 A Yeah.

6 Q Well, do -- do I understand your testimony that  
7 you -- you cannot provide the Commission today with any  
8 commitments or plans for additional infrastructure  
9 investments past those contained in your current two-year  
10 plan?

11 A No. I -- I can't because I don't have that  
12 built at this point, no.

13 Q Okay. That -- that's what I thought your  
14 testimony was. You were here earlier this morning for the  
15 redirect by Mr. LaFuria for Mr. Wright?

16 A Yes.

17 Q Do you recall Mr. LaFuria asking him in response  
18 -- looking at that map that -- if you had a five-year  
19 plan, what would the map look like?

20 A Yes.

21 Q I think he may have said, correct me if I'm  
22 wrong, it would be more green. That was the first thing.  
23 Did -- didn't he also go ahead and list three areas,  
24 specifically, the boot heel area?

25 A Correct.



1 Q The Springfield, Missouri, area?

2 A Yes.

3 Q There was a third one. I can't remember which  
4 one it was.

5 A I don't recall either. Not immediately.

6 Q There was a discussion earlier, I believe, with  
7 Commissioner Murray about -- I want to get the phrase  
8 right here. High value areas.

9 A (Witness nods head.)

10 Q Are those just general geographic areas? Are  
11 those limited -- are those wire center by wire center?  
12 How -- how does that apply to the term -- or for at high  
13 value area?

14 A Well, in terms of our planning, it really  
15 doesn't apply. We don't have wire centers in -- in terms  
16 of the way U.S. Cellular maps their system. So what we  
17 focused on in terms of -- of our proposal for the 39 sites  
18 is to look at the rural areas and to enhance the coverage  
19 and performance of the areas in rural Missouri.

20 Q That's for -- that's from your engineering  
21 perspective?

22 A (Witness nods head.)

23 Q Did I understand Mr. Wright to say, though, that  
24 basically, everything outside that St. Louis area would be  
25 considered rural?

1           A     I think yes.

2           Q     So he would limit just the St. Louis area to  
3 high value in his -- for his purposes?

4           A     I wouldn't say that. I think that -- you know,  
5 I can't speak to Mr. Wright. And, you know, the criteria  
6 by which you determine high value needs to be common  
7 amongst everyone who is going to discuss it. So until you  
8 have that kind of a -- a baseline that -- that everybody  
9 agrees this is high value and this is not, then it's  
10 pretty difficult for me to really give you a specific  
11 answer.

12          Q     Would population be a factor?

13          A     Population would be one of the factors.

14          Q     That's what I thought he agreed to earlier.

15          A     Right.

16          Q     I just -- okay. Are you familiar with the three  
17 main metropolitan areas in the state of Missouri?

18          A     Yes. I think so.

19          Q     What are those?

20          A     It would be the St. Louis, Kansas City and  
21 probably Springfield.

22          Q     Springfield would be one of those areas of high  
23 population that if you had a five-year plan there would be  
24 some more green there, right?

25          A     Yes. I -- I would agree.

1           Q     Would you consider Columbia, Missouri, higher  
2 population?

3           A     It's certainly a larger center compared to some  
4 of the other centers in Missouri.

5           Q     How about the Branson area?

6           A     Branson is smaller than Columbia, but,  
7 certainly, you know, it's -- it's growing quickly down in  
8 the Branson area as well.

9           Q     I -- I appreciate those clarifications. I -- my  
10 notes weren't quite as good as I wanted them to be. On  
11 page 4 of your supplemental surrebuttal testimony, you  
12 state that every wire center in our Missouri ETC service  
13 area has at least some areas that are in need of improved  
14 coverage and capacity. Did I get you right?

15          A     Yeah. That's exactly what's stated. Lines 3  
16 and 4, correct?

17          Q     Correct. On page 4. Based on that testimony, I  
18 take it that this would necessarily include wire centers  
19 in and around the St. Louis metropolitan area?

20          A     I -- I would imagine, yes.

21          Q     Same for Columbia?

22          A     (Witness nods head.)

23          Q     Branson?

24          A     (Witness nods head.)

25          Q     Anywhere?

1           A     Correct.

2           Q     Does U.S. Cellular face any wireless competition  
3 in the St. Louis area?

4           A     In every area that we serve, we face wireless  
5 competition.

6           Q     Specifically, with -- in the St. Louis area, how  
7 many wireless carriers are you competing with, if you  
8 know?

9           A     Six, I believe.

10          Q     Six. What about the Columbia area?

11          A     I'm not sure. Three or four.

12          Q     Would you know about Branson?

13          A     No. Not specifically.

14          Q     I take it from your testimony on page 16, lines  
15 26 and 27, that specific market factors and the com -- the  
16 competitive situation for each market will affect your  
17 U.S. Cellular's capital budget; is that correct?

18          A     Yes.

19          Q     So your capital budgets will respond to  
20 competitive pressures?

21          A     Yes.

22          Q     Would you happen to know if any of those other  
23 wireless carriers we were just talking about had been  
24 granted ETC status in Missouri?

25          A     I don't know.

1 Q I've got some stuff here, but that will have to  
2 go in-camera. On pages 10 to 12 of your supplemental  
3 surrebuttal testimony, you -- you describe why U.S.  
4 Cellular has made changes to its original propagation  
5 study and its signal coverage maps, which show U.S.  
6 Cellular signal coverage from your existing sites.

7 A Correct.

8 Q I think there you also agree on page 10 that  
9 these changes from 2005 to today can legitimately be  
10 characterized as significant; is that correct?

11 A Yes.

12 Q And you would agree that the 2006 map shows  
13 greater significant coverage than the 2005 map with  
14 respect to your existing locations?

15 A Yes, it does.

16 Q As part of preparing your testimony, I assume  
17 since you took issue with some of CenturyTel's witness,  
18 Mr. Brown's testimony, that you actually reviewed  
19 Mr. Brown's testimony and schedules?

20 A I -- I did somewhat, yes.

21 Q Okay. Specifically, did you review Mr. Brown's  
22 Schedule GHB-3 and GHB-10-HC?

23 A I can't say specifically. No.

24 Q Well, in your opinion, would those schedules --  
25 are those schedules accurate?

1           A     I can't comment on -- on them unless I have -- I  
2 don't even know what they are --

3           Q     Okay.

4           A     -- at this point.

5           Q     I'm not sure I've got a colored version, but  
6 let's see here. Do you -- do you have a copy of  
7 Mr. Brown's? I don't have it in color.

8           MR. LAFURIA: Which one was it again?

9           MR. STEWART: It would be Schedule GHB-3 and  
10 GHB-10-HC.

11          MR. LAFURIA: You can look at what I have.

12          MR. STEWART: Pardon?

13          MR. LAFURIA: You can look at what I have.

14          MR. STEWART: That will be fine. Your Honor,  
15 may I approach the witness?

16          JUDGE WOODRUFF: Yes.

17          Q     (By Mr. Stewart) Handing you what has been  
18 marked at the top as Schedule GHB-3 with a title U.S.  
19 Cellular Existing Coverage in the Missouri Proposed ETC  
20 Service Area.

21          A     Correct.

22          Q     Do you recognize that document?

23          A     Yes, I do.

24          Q     Isn't it true that that document was provided  
25 previously by U.S. Cellular earlier in this proceeding?

1           A     Yes.

2           Q     Okay.  Let's see.  I think the other one was 10,  
3 and that is HC.  I won't go into any of the specifics on  
4 here.

5                     Mr. Johnson, I'm handing you what has been  
6 marked at the top as Schedule GHB-10-HC with the title New  
7 USC Propagation Chart.

8           A     Correct.

9           Q     Did you recognize that chart?

10          A     Yes, I do.

11          Q     And this -- was this provided -- this -- this  
12 chart, GHB-10-HC, or at least the map itself, was that  
13 provided in your August 2006 filing as Appendix 4?

14          A     I -- I couldn't say specifically.  But -- but it  
15 does look like the chart that we provided.

16          Q     Well, based -- based on your review just now,  
17 are -- are those -- are those two schedules accurate?

18          A     The -- the schedule marked 10 is -- we consider  
19 to be more accurate at this point.  The -- there's a --  
20 about a year and a half, at least a year in between those  
21 two submissions.

22                     And, periodically, we -- we update our  
23 propagation models.  And we also do what we call  
24 propagation tuning, which we use drive test data to  
25 determine whether our propagation model is -- is giving us

1 real world views. So that happened in -- in earlier 2006,  
2 late 2005.

3 And subsequently, we adjusted the propagation  
4 model information, which produced a different-looking map.

5 Q I appreciate that. And, actually, I'm going to  
6 get into that a little bit more, so you'll have a chance  
7 to explain that.

8 A Okay.

9 Q But, bottom line, those two schedules I just  
10 showed you, GHB-3 and GHB-10-HC, those are accurate  
11 depictions. You don't take any exception with the  
12 accuracy of those?

13 A When we -- when we submitted the original one,  
14 that was our propagation model, and it was accurate to  
15 the --

16 Q At the time?

17 A At the time. And due to subsequent analysis and  
18 propagation tuning, the second document is -- is  
19 considerably more accurate in our estimation.

20 Q So for -- for the time period in which GHB-10  
21 was submitted, that's accurate, too?

22 A Yes.

23 Q Do you recall reviewing Mr. Brown's Schedule  
24 GHB-12-HC, which is a -- a comparison or overlay of  
25 U.S. Cellular's pervious and new propagation maps?



1           A     I recall -- not the specifics, but I recall  
2 seeing that, yes.

3           Q     Excuse me just one second.

4           MR. STEWART: Your Honor, may I -- may I  
5 approach?

6           JUDGE WOODRUFF: You may.

7           Q     (By MR. Stewart) Mr. Johnson, I'm handing you a  
8 document entitled Schedule GHB-12-HC, a comparison of all  
9 old and new propagation charts with the '06 tower  
10 additions.

11          A     Right.

12          Q     Do you recognize that document?

13          A     Yes.

14          Q     And like before, Mr. Johnson, is that an  
15 accurate --

16          A     Yes.

17          Q     -- depiction --

18          MR. LAFURIA: Before he answers, your Honor, I'm  
19 sorry. Is this GHB-12? Can we just -- if you wouldn't  
20 mind clarifying whether these -- is this something that  
21 was prepared by Mr. Brown with his tools, or is this  
22 something that he's -- that he's depicting their map? I'm  
23 -- I'm just not clear, and I think we need to be clear  
24 because the question is which is accurate.

25          MR. STEWART: Well, subject to -- well, subject

1 to check, I believe the answer to Mr. LaFuria's question  
2 is that this is an overlay prepared by Mr. Brown of the  
3 two maps provided by U.S. Cellular. Does that answer your  
4 question?

5 MR. LAFURIA: I think it answers my question.  
6 It's just that it looks different from the other map.

7 MR. STEWART: Which map?

8 MR. LAFURIA: GHB-3, I think is the one I'm  
9 trying to find here.

10 A Yeah.

11 MR. LAFURIA: It just looks like GHB-3 has some,  
12 what I would call, thinning dots at the edges of cell site  
13 propagation areas, and this map doesn't look to have them  
14 with respect to the -- the old map.

15 MR. STEWART: Your Honor, may I just have one  
16 moment?

17 JUDGE WOODRUFF: Certainly.

18 MR. STEWART: Your Honor, I -- I think I can  
19 clarify that Mr. Brown, CenturyTel's witness, prepared  
20 Schedule 12 based on the two previous maps. And because  
21 this Schedule 12 also contains the new propagation maps  
22 provided in '06, that may explain why you see the  
23 difference in shading or back and forth.

24 MR. LAFURIA: Your Honor, now I guess I'll  
25 object because this is apparently Mr. Brown's work, and I

1 don't know how this witness could either authenticate it  
2 or testify as to whether it's accurate.

3 MR. STEWART: Well, I think I can ask him since  
4 he's refuted it if he takes issue with it.

5 JUDGE WOODRUFF: I'll overrule the objection.  
6 If this witness can't identify it or can't verify it, then  
7 he can certainly say so.

8 A Yeah. The -- the fair thing to say is that  
9 having not done the work and not repeated the process to  
10 compare, I really can't.

11 Q (By Mr. Stewart) That -- that's fair. Thank  
12 you. I also believe that it's your testimony that in  
13 comparing the signal service area maps from 2005, 2006  
14 that show the expansion of signal coverage existing sites  
15 that -- and I think you've alluded to this before.

16 This was the result of two main things. One was  
17 the drive testing. And the other was the tuning; is that  
18 correct?

19 A And, actually, there's additional sites that are  
20 actually represented in -- on that map as well.

21 Q And those additional sites would be the ones  
22 constructed in 2006?

23 A Between.

24 Q 2005 and 2006?

25 A When the original map was done and the new map.

1           Q     I -- I think that's probably confidential, so I  
2     won't ask you how many.

3           A     Okay.

4           Q     That -- those were.  But I believe that's in the  
5     record under the in-camera.

6                     Mr. Johnson, in looking at the maps, again,  
7     the 2005, 2006, would you agree with me that the -- these  
8     would be on -- on your maps that the increases in signal  
9     coverage are not limited to just one or two or -- or are  
10    not just in specific areas, but they tend -- they tend to  
11    be state-wide?

12          A     The -- I would agree.  And -- and the reasoning  
13    is because -- because the propagation -- we use a single  
14    propagation tool to -- to represent the RF propagation of  
15    our sites.  And the adjustments that were done affect all  
16    of the RF propagation out of that tool.

17          Q     So that -- if the Commission was looking at  
18    those maps, whether it's Mr. Brown's or yours --

19          A     Right.

20          Q     -- and they see this expanded signal coverage  
21    area from your existing towers, they're going to see that  
22    situation state-wide or at least within your proposed  
23    service area?

24          A     Right.  For -- for our customers' purpose, I  
25    mean, our focus is on the customer.  And one of the

1 reasons why we periodically do this is to ensure that  
2 we're representing properly to the customer the  
3 performance that they do experience and where they will  
4 have coverage.

5 Q Mr. Johnson, I don't want to be rude here, but I  
6 don't think that was a response to the question I asked.

7 MR. STEWART: I move that it be stricken.

8 JUDGE WOODRUFF: All right. The last additional  
9 comment wasn't in response to a question, and I'll ask  
10 counsel, go ahead and interrupt him if you believe he's  
11 being non-responsive.

12 MR. STEWART: All right. Next time, I will.  
13 Next time I will.

14 Q (By Mr. Stewart) Well, let me ask you this:  
15 Did you test drive the -- your entire service area  
16 throughout the state to prepare your latest maps?

17 A We -- we do periodic test drives. We did not  
18 specifically test drive for these maps. But we do  
19 periodic test drives throughout the entire area. And we  
20 use that data regularly.

21 Q So it's your testimony that since the time the  
22 2005 maps were prepared and these new maps were prepared,  
23 you -- you have test driven the entire state?

24 A I --

25 Q Or your people have test driven the entire

1 state?

2 A I'm not sure about every nook and cranny, but,  
3 substantially, yes.

4 Q Can you tell me how much of that increase from  
5 2005 to 2006 is the result of not the test drive, but the  
6 tuning?

7 A No. Not -- not specifically.

8 Q I believe I was asking Mr. Wright, and he so  
9 kindly deferred to you on this question, again, the number  
10 of towers that were built, I believe, is HC, so I -- I'm  
11 not going to use a number. But is there somewhere in your  
12 -- yours or U.S. Cellular's testimony that shows the  
13 locations of where these new towers, these 2005, 2006  
14 towers were actually built?

15 A In -- in our submission?

16 Q In your submission. On a map or a description  
17 or a list?

18 A Not -- not to my knowledge, no.

19 Q Okay. But your propagation study, if I  
20 understood you correctly, includes the impact of those?

21 A Of the sites, what those are, those propagation  
22 maps are a snapshot in time. So the first one is a  
23 snapshot in time about April 2005. And the second one is  
24 a snapshot in time at June 2006. So, obviously, 15 months  
25 transpired.

1           Q     Well, again, without -- without going into the  
2 total number of towers from the last time U.S. Cellular  
3 was here and had been built, this really has nothing I  
4 could look at or the Commission could look at that would  
5 show us where the location of those new towers are?

6           A     Not submitted, no.

7           Q     Okay. Thank you for clarifying that. I  
8 couldn't -- I didn't know if it was there or not. On page  
9 17 and 18, you talk a little bit about MO-5 or I guess  
10 some call it Chariton Valley?

11          A     Uh-huh.

12          Q     You note that MO-5 is having difficulty in  
13 complying with the 911 requirements?

14          A     Right.

15          Q     In that discussion, are you somehow suggesting  
16 that the Commission was wrong in granting MO-5 ETC status?

17          A     No. I -- I'm not trying to suggest that at all.

18                 MR. STEWART: Your Honor, I think I'm going to  
19 have to go in camera for the remainder.

20                 JUDGE WOODRUFF: All right. Very well. At this  
21 time, we'll go in-camera. Anyone needing to leave, please  
22 do so.

23                 REPORTER'S NOTE: At this point, an in-camera  
24 session was held, which is contained in Vol. 5, pages 606  
25 through 617.

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1 JUDGE WOODRUFF: And for further  
2 cross-examination, the Small Telephone Company Group?

3 MR. ENGLAND: Thank you, your Honor.

4 CROSS-EXAMINATION OF ALAN JOHNSON

5 BY MR. ENGLAND:

6 Q Good afternoon, Mr. Johnson.

7 A Good afternoon.

8 Q My name is Tripp England. I represent the small  
9 telephone companies that have intervened in this case.  
10 And until I started asking Mr. Wright some questions, I  
11 didn't have quite that -- quite that many for you. But,  
12 unfortunately for you, I've got more now.

13 A I'm here to answer questions.

14 Q And, hopefully, some of these will sound  
15 familiar if you were in the hearing room this morning.

16 A Yes.

17 Q First, in my discussion with Mr. Wright, he  
18 referred to the U.S. Cellular network as in its relative  
19 infancy, even though it had been in place now for 17  
20 years.

21 A Yes.

22 Q And my question to him was, in his opinion, when  
23 will U.S. Cellular have a mature network, at least  
24 throughout the Missouri licensed area. He offered no  
25 opinion. Do you have an opinion, sir?

1           A     I -- it is -- it's a difficult question to  
2 answer. It's very objective and -- and, you know -- so,  
3 no, I don't really -- I can't really.

4           Q     Is it more than a decade away or less, if you  
5 know?

6           A     I guess all I can say is that it -- with -- with  
7 support using high cost funding, we -- it -- it will be  
8 sooner than -- than it would be without support.

9           Q     Do you know how much sooner?

10          A     No. That -- that number that would be difficult  
11 to say. But I can say without a doubt that it would be  
12 sooner.

13          Q     Your two-year plan includes construction of 39  
14 new cell sites in the rural areas of Missouri, correct?

15          A     Yes.

16          Q     Do you know how many new cell sites would be  
17 needed in the rural areas of your Missouri licensed area  
18 to achieve full coverage?

19          A     It's a -- a very difficult question to answer  
20 directly. The -- one of the things that -- that -- it --  
21 it would be very difficult to give you a definitive answer  
22 there, so, no, I don't.

23          Q     You can't extrapolate from your existing cell  
24 sites and coverage to determine on a per square mile or  
25 per acre or whatever the --

1           A     No. Experience tells us -- if you're -- if  
2 you're in a very flat with no geography, no terrain, you  
3 certainly can extrapolate somewhat. But with the factors  
4 that you have in almost every geography, the extrapolation  
5 is -- is really not effective.

6                     Secondly, as a business, what you do is you look  
7 forward and you validate the results of -- of what you've  
8 built. And then you plan forward from -- from that  
9 validation. So it can obviously alter future years.

10           Q     Is that the same or similar as saying that in  
11 the past, if you only needed one cell site to serve a  
12 square mile, in the future, because of more information,  
13 experience, whatever, it might take two cell sites to  
14 serve -- to adequately serve that same area?

15           A     There's many factors that -- that increase cell  
16 site density, and one of them is capacity. So if you --  
17 if you have double the number of subscribers or -- or some  
18 number of additional subscribers in a single area, you may  
19 need more than the one cell site that you built, you know,  
20 ten years, for example.

21           Q     Help me out a little bit. Is it -- is it fair  
22 to characterize a cell site as a tower, or are they  
23 mutually exclusive or two different things?

24           A     The cell site is -- often uses power -- the cell  
25 site is basically an RF radiation, basically, a radio

1 frequency station. And that could use a tower, but  
2 there's many applications where we actually use existing  
3 -- things such as water towers, rooftops, that kind of  
4 thing.

5 Q Another question that I asked Mr. Wright and I  
6 think he said you might be able to answer is how many cell  
7 site does U.S. Cellular have in Missouri today?

8 A Roughly -- roughly, about 225.

9 Q And that would be --

10 A And --

11 Q I'm sorry.

12 A That's -- to be specific, that's including the  
13 St. Louis area.

14 Q Okay. Well, that was going to be my next  
15 question.

16 A Yes.

17 Q So that would be outside the St. Louis market  
18 area?

19 A Outside the St. Louis market area.

20 Q Then how many would you have in the St. Louis  
21 market area, if you know?

22 A Right 350 or so.

23 MR. GRYZMALA: I'm sorry?

24 A 350.

25 Q (By Mr. England) Oops. Excuse me. Another

1 question I had of Mr. Wright had to do with the two-year  
2 plan. It was page 3, Section Roman Numeral 3. There was  
3 a -- a phrase, I believe, that said U.S. Cellular  
4 estimates that the 39 proposed sites will provide improved  
5 coverage to 236,291 based on census 2000 block data. Do  
6 you recall that?

7 A I do.

8 Q And I think one of my first questions, does this  
9 represent -- excuse me. Does the 236,000 population  
10 figure represent people outside the St. Louis market area?

11 A Yes.

12 Q Okay. And then my next question is, how many of  
13 these 256,000 people currently receive coverage from  
14 U.S. Cellular?

15 A Well, it's --

16 Q Or maybe that's a -- let me -- let me stop and  
17 rephrase that because I think that's a bad question.

18 How many of the 236,000 people received service  
19 from U.S. Cellular before the construction of the 39?

20 A It's impossible to say exactly for me. It would  
21 take more analysis.

22 Q But you would agree that a portion of that  
23 236,000 already receives coverage from U.S. Cellular today  
24 without the construction of those 39 towers -- or cell  
25 sites?

1           A     The areas that we're covering are -- are areas  
2 of -- that vary from no coverage today to some coverage  
3 but with quality issues. So depending on your definition  
4 of -- of coverage, you know, you can look at it a lot of  
5 different ways.

6           I think the significant factor here, when you  
7 talk about mobile systems, wireless systems, is the  
8 mobility that's involved. And by -- by targeting the 39  
9 areas that we're targeting, what we're doing is we're  
10 covering additional population, significant additional  
11 population regardless of the number, and we're providing  
12 additional mobility for all of our customers, every  
13 customer in the Missouri area.

14          Q     So is your answer to the question yes, that some  
15 of those 236,000 customers are receiving signal or  
16 coverage today?

17          A     Yes.

18          Q     But based on your answers, then, we don't know  
19 how many more people will receive coverage as a result of  
20 those 39 cell sites where they have none today, correct?

21          A     No. They -- if I can't answer one, I can't  
22 answer the other. Exactly.

23          Q     Do you know what the total population of your  
24 rural licensed area is, the area outside the St. Louis  
25 market area?

1           A     No, I don't exactly.

2           Q     Do you know -- of these 239 -- excuse me --  
3 236,000 people that you're talking about, do we know how  
4 they are allocated or assigned to each of those 39 sites?

5           A     I -- each site -- each site can -- the coverage  
6 of each site can -- can be analyzed to determine the  
7 population it covers. Does that answer your question?

8           Q     I think so. And maybe I can ask an easier  
9 question. How do you go about arriving at the 236,000  
10 figure?

11          A     By -- by taking the coverage projected about  
12 each site and overlaying them with population data.

13          Q     Okay. So, in essence, in order to come up with  
14 your total number, you've got to identify population by  
15 sites first and then add them together, correct?

16          A     Yes. That's true.

17          Q     And I got the impression you were the one that  
18 performed this analysis or provided this number to  
19 Mr. Wright. Is that --

20          A     Not personally, but I -- I was part of the team  
21 that did this work.

22          Q     I think those were all the questions that I  
23 asked Mr. Wright that he dished off to you. Can you  
24 remember any others?

25          A     No.

1 Q Well, you are a well-prepared witness. Now,  
2 back to the original questions I was going to ask.

3 A Okay.

4 Q In the last hearing, a -- a witness by the name  
5 of Mr. Kevin Lowell testified for U.S. Cellular. Are you  
6 familiar with Mr. Lowell?

7 A Yes. I know Mr. Lowell.

8 Q He -- he identified himself as Senior Director  
9 of Network and Engineering.

10 A Yes.

11 Q And as I understand, his -- or at least I -- I  
12 assumed his area of expertise was network and engineering?

13 A Yes. That's correct.

14 Q And in this case, it appears that that's your  
15 area of expertise; is that right?

16 A I'm -- I'm the Director of Engineering, so I  
17 report to the Senior Director of Network and Engineering.

18 Q You must be reading my questions here. That was  
19 my next question. So Mr. Lowell is your immediate  
20 supervisor?

21 A He is not, at this point. He -- he has moved on  
22 to another position, and we -- we've replaced the Senior  
23 Director.

24 Q Following up on some questions that were asked  
25 of Mr. Lowell regarding the propagation studies, I'd like



1 to ask them of you in this proceeding.

2 A Okay.

3 Q Did you personally perform the propagation  
4 studies that were submitted in the first hearing and, I  
5 believe, identified as Exhibits 1, 2 and 3?

6 A No, not personally.

7 Q Did you personally perform the propagation  
8 studies in this case which have been identified as  
9 Exhibits A, B and C to your testimony?

10 A No. Not personally.

11 Q Did you -- I'm sorry. I think you may have  
12 answered this in response to a question with Mr. Stewart,  
13 but I want to ask it again. Did you personally  
14 participate in the drive tests that you discuss at pages 7  
15 through 10 of your testimony in this case?

16 A No.

17 Q Did you personally perform the propagation model  
18 adjustments that you discussed in your testimony?

19 A No.

20 Q In discussing the drive test, you state at page  
21 8 of your testimony --

22 A Uh-huh.

23 Q -- I believe it's lines 3 through 5, These drive  
24 tests demonstrate that even in many areas showing up on  
25 the coverage maps as primarily green (urban), there are

1 significant areas where consumers experience lower levels  
2 of signal strength or even no signal at all. Do you see  
3 that?

4 A Yes.

5 Q And I think this is -- kind of follows up on  
6 some questions and answers that you had with Mr. Stewart  
7 where an area on your map may appear to be green and look  
8 like it has adequate cover, but, in fact, as a result of  
9 the drive testing not have that adequate of coverage --

10 A Correct.

11 Q -- is that right? Okay.

12 A Yes.

13 Q Now, with respect to the propagation study for  
14 the 39 proposed cell sites, would you agree with me that  
15 that study doesn't have the benefit of drive testing  
16 because they haven't been constructed?

17 A Actually, no, I would not agree with you.

18 Q Okay. Well, how do you drive test a site that  
19 hasn't been built yet?

20 A What -- what I mean by not agreeing with you is  
21 that we drive test the area where we propose to have a  
22 site. And what that is a verification of the performance  
23 that -- that a customer -- the quality that a customer  
24 will be experiencing.

25 So although we don't drive test the site itself,

1 obviously, until it's built, we drive test the coverage  
2 and quality of that area to determine whether it does make  
3 sense to actually spend a significant amount of money in  
4 one -- in that spot.

5 Q Okay. And maybe we're dropping past each other  
6 here. But at least with respect to a tower that's going  
7 to be built in the future, you have no way of knowing  
8 exactly what that coverage is going to be until after it's  
9 built. Would you agree with that?

10 A No. Actually, we do have ways that we can  
11 actually test.

12 Q Okay.

13 A We do what we call a transmitter test, where  
14 we'll actually get a crane and put a transmitter and  
15 actually drive test the area to verify.

16 And when we have, particularly, areas where  
17 terrain is very difficult, we want to be sure that the  
18 placement of the site is advantageous to -- to correct as  
19 many as areas as possible. So we'll do something like a  
20 transmitter or crane test to -- and drive test it to  
21 verify that.

22 Q And have you done that for any of the 39 sites  
23 that are listed on your proposed build-out plan?

24 A Not to my knowledge.

25 Q So for purposes of the coverage of those 39,

1 that's a propagation analysis, at least right now, that  
2 hasn't been tuned?

3 A Well, the -- the propagation -- I mean, I guess  
4 -- ask it again. I --

5 Q Sure. The propagation analysis for the 39  
6 proposed sites is a propagation study that hasn't been  
7 tuned, correct?

8 A As -- as I mentioned before, the -- the  
9 propagation, we use one propagation tool, and that  
10 propagation tool predicts the coverage for all of our  
11 sites.

12 So when you tune that propagation model, it  
13 affects all of the propagation on that -- that we produce.  
14 So every site, including those 39 sites, has been tuned to  
15 the propagation model that -- that we're using presently.

16 Q And have any or all of those sites been tuned as  
17 a result of drive testing?

18 A The areas that we -- that were -- we -- we take  
19 significant areas and drive test those areas to use -- to  
20 create data that's used to tune the propagation model. So  
21 all those areas, we have significant data that helped us  
22 tune the propagation model for each of those areas.

23 Q Well, let me ask it this way: If after you  
24 construct all 39 sites, you go back and do a drive test,  
25 as I understand you have in the last year --

1           A     Yes.

2           Q     -- is it highly or less likely that the  
3 propagation study you might create after that exercise is  
4 going to be different than the propagation study you show  
5 today for the proposed sites?

6           A     As we progress, our propagation models get  
7 better and better. So we -- we expect that it will be  
8 substantially the same. But as -- just as we experienced  
9 from 2005 to 2006, there are adjustments that we're making  
10 all the time. The software improves. The hardware  
11 improves.

12                     And so along with that, we -- we improve our  
13 models so that we can ensure that we're providing the best  
14 service and understanding of our service to our customers.

15           Q     I think you testified that as a result of the  
16 drive testing and the tuning, the propagation study can  
17 actually show less coverage than before as well as more  
18 coverage than before in a particular area?

19           A     It certainly -- it can be adjusted either way,  
20 yes.

21           Q     And were there any examples that you can recall  
22 where your coverage as shown by the propagation study a  
23 year ago is actually more than it is as shown today?

24           A     Repeat it. I -- just to make sure I understand.

25           Q     Sure. Is there any example that you can give of

1 where your propagation study a year ago actually shows  
2 more coverage than your current propagation study?

3 A I -- I don't have an example for you right now.  
4 Can it happen? Yes. Do I have a specific example? No.

5 Q I'd like to follow up on a question or two that  
6 you, I believe, received from Mr. Haas, the attorney for  
7 the Staff --

8 A Uh-huh.

9 Q -- regarding the 39 sites that you said were --  
10 I think you characterized them as below the line on your  
11 list of future sites to construct, correct?

12 A Correct.

13 Q Below the line, meaning that they -- they -- on  
14 a stand-alone basis, it doesn't make business sense to, --  
15 at this point in time to construct those sites, correct?

16 A Yeah. With the business plan in place, below  
17 the line means that those sites will not be in the plan.

18 Q And I understand, your best -- I mean, excuse  
19 me. Let me rephrase that. As I understand, that view is,  
20 at best, clear, not fuzzy, I think was your -- two, at  
21 most three years out from today, correct?

22 A The clarity -- the clarity of that list improves  
23 or -- basically, it's the closer you are to the -- to the  
24 build plan year, the better. As you move out to the  
25 second and to the third year, the actual reliability of --

1 fuzziness of it, if you will, increases.

2 Q Do those 39 sites represent the totality of the  
3 below the line sites on this list?

4 A No. There's -- we -- we look at -- we're  
5 looking forward trying to identify possible sites further  
6 into the future. But as I said, those are -- those are  
7 very tenuous if you go up more than a couple of years.  
8 So --

9 Q Well, just in the two to three-year time frame.

10 A In the two-year time frame, the 39 is the list.

11 Q And how many are above the line on that list for  
12 the rural areas of Missouri?

13 A I don't recall exactly. I would have to look  
14 that up.

15 MR. ENGLAND: Thank you, sir. I have no other  
16 questions.

17 MR. JOHNSON: Uh-huh.

18 JUDGE WOODRUFF: For AT&T?

19 CROSS-EXAMINATION

20 BY MR. GRYZMALA:

21 Q Hi, Mr. Johnson. Bob Gryzmala for AT&T  
22 Missouri.

23 A Hi.

24 Q I think I just have a few questions.

25 A Okay.

1 Q I want to look -- I want you to please focus on  
2 your Exhibit D, as in David. It's your testimony?

3 A Yes.

4 Q Did I understand you correctly to say that that  
5 exhibit constitutes the present universe of wire centers  
6 that are expected to receive improved coverage as a result  
7 of your receipt of USF funds in the next two years?

8 A Yes.

9 Q So it follows, therefore, that all wire centers  
10 not shown on Exhibit D would not receive improved coverage  
11 as a result of USF fund receipts?

12 A These -- Exhibit D provides information on all  
13 wire centers that -- that will receive additional  
14 associated coverage associated with the 39 sites that we  
15 proposed.

16 Q So you would agree with the statement today --  
17 so today, you would continue to agree with your statement  
18 made a while back in your surrebuttal testimony of page 6,  
19 line 23 where you say, All of these wire centers can  
20 fairly be described as the wire centers that will see  
21 significant or new or improved coverage as a result of the  
22 proposed USF build-out. That remains true today?

23 A Page 6 --

24 Q Line 23 and 24.

25 A All of these wire centers can fairly be



1 described -- yes.

2 Q So I just want to make sure, it would,  
3 therefore, follow that all of the wire centers not shown  
4 on Exhibit D would not receive improved coverage under  
5 your two-year plan --

6 A In this plan, that's true.

7 Q -- correct? Okay. The answer is yes?

8 A Yes.

9 Q In this two-year plan?

10 A In just this two-year plan.

11 Q Now, for these particular wire centers, those,  
12 in other words, which are not listed on Exhibit D, as in  
13 David, would you agree that for those wire centers,  
14 U.S. Cellular would not intend to spend high cost support  
15 funds to improve service coverage or service in any -- in  
16 any manner?

17 A In -- could you repeat it again.

18 Q I'm sorry. It was convoluted. My fault.

19 A Yeah.

20 Q Besides the ones on Exhibit D --

21 A Right.

22 Q Okay. Now, we're talking about the wire centers  
23 -- all of the wire centers in Missouri that are not on  
24 Exhibit D but are included within your request for ETC  
25 status.

1           A     Correct.

2           Q     Would you -- would you agree that for those wire  
3 centers not shown on Exhibit D, U.S. Cellular would not  
4 intend to spend high cost support funds for those wire  
5 center areas?

6           A     No.

7           Q     You would not agree with that proposition?

8           A     No.

9           Q     Why not?

10          A     Because I can't -- what -- what we're looking at  
11 is a two-year window. And so I can't speak to -- to past  
12 that two-year window, but it would make sense that  
13 continued USF support would -- would allow us to continue  
14 growing in the rural areas, and that at some point we  
15 would -- we would be able to touch any number of those  
16 wire centers.

17          Q     I understand your point. So let me rephrase my  
18 question. Within the two-year window, the window for  
19 which you have provided this Commission with a network  
20 improvement plan, would you agree that for the wire  
21 centers not shown be on your Exhibit D, U.S. Cellular  
22 would not intend to spend high cost support money in those  
23 wire center areas?

24          A     Yes.

25          Q     Wouldn't you also agree that for those wire

1 centers not shown on Exhibit D, U.S. Cellular would not be  
2 permitted to spend high cost money in these wire center  
3 areas within the two-year window?

4 A I can't speak to that.

5 Q You don't know the answer?

6 A I don't know the answer.

7 Q Okay. Mr. Johnson, the Commission's rule  
8 3.570(2)(a)(3), and I'll read it to you, if I may, says,  
9 "The two-year plan shall include a demonstration that  
10 universal service support used to improve coverage,  
11 service, quality or capacity on a wire center by wire  
12 center basis throughout the Missouri service area for  
13 which the requesting carrier seeks ETC designation."

14 I would like you kindly to point us to the one  
15 or more exhibits that demonstrates improvement on a wire  
16 center by wire center basis throughout the entirety of the  
17 ETC area -- or throughout the entirety of the area in  
18 which you seek ETC designation.

19 A The Exhibit D is the only exhibit where we've --  
20 where we've specifically called up the wire centers that  
21 we're improving.

22 Q Now, you understand --

23 MR. GRYZMALA: And may I approach?

24 JUDGE WOODRUFF: Yes.

25 Q (By Mr. Gryzmala) Right there, sir.

1           A     Okay.

2           Q     Is my understanding the same as yours,  
3 Mr. Johnson, that the rule I just indicated to you, a copy  
4 of which I gave to you, indicates that the plan needs to  
5 make the demonstration throughout the area in which the  
6 applicant seeks ETC status?

7           A     Does it -- my -- my interpretation would be that  
8 -- that I have demonstrated wire center by wire center  
9 throughout the Missouri service area which ones I'm going  
10 to improve on.

11          Q     And my question to you again, which exhibit says  
12 that?

13          A     Exhibit D.

14          Q     What part of Exhibit D reflects wire centers for  
15 which you have sought ETC designation but that are not on  
16 this list? I mean, look -- let me back up. I'm sorry.

17          A     Well --

18          Q     Is it not a fact that there are wire centers for  
19 which you have asked for ETC designation that do not  
20 appear on Exhibit D? Yes or no?

21          A     The -- the problem is -- is that --

22          Q     With all due respect --

23          A     Yeah.

24          Q     Okay.

25          A     But with all due respect, the wireless

1 industry --

2 MR. GRYZMALA: If I may --

3 JUDGE WOODRUFF: Wait. Wait. Everyone's  
4 talking at once here. You need to let him ask the  
5 questions. Once you've answered the question, you need to  
6 stop. And then he can ask the next question. All right?

7 MR. JOHNSON: Okay.

8 JUDGE WOODRUFF: Go ahead, Mr. Gryzmala.

9 Q (By Mr. Gryzmala) So we've discounted Exhibit D  
10 as a candidate. What other exhibit indicates, in  
11 compliance with the rule, the improved coverage?

12 A I don't have it in front of me. Yeah.

13 Q The improved coverage on a wire center by wire  
14 center basis throughout the area in which your company has  
15 sought ETC status? What area can you point me to, sir?

16 A The -- the maps.

17 Q You have asked for ETC designation, for just one  
18 example, in the boot heel, all of those counties in the  
19 southeast Missouri. What on that map tells us what the  
20 network improvement plan is a on a wire center by wire  
21 center basis for each of those wire centers in the boot  
22 heel?

23 A They're -- there is no improvement planned in  
24 the two-year window.

25 Q Okay. What other exhibit can you point us to

1 that complies with the rule's language requiring a wire  
2 center by wire center build-out plan throughout the area  
3 in which your firm has asked for ETC status?

4 A There -- those are the documents.

5 Q Are there any others?

6 A There are -- there are no others.

7 Q And would you agree that the map, I think it's  
8 Exhibit A, does not make that demonstration for all of the  
9 wire centers?

10 A I disagree. We're showing which wire centers  
11 we're actually going to improve, and there are a number of  
12 wire centers that we're not. And we demonstrate what  
13 we're going to do in every wire center.

14 Q So the answer to my question is yes, Exhibit A  
15 does not reflect a -- an improvement plan for all of the  
16 wire centers for which my company is seeking ETC  
17 designation, correct?

18 MR. LAFURIA: Your Honor, this is bordering on  
19 argumentative now. He's recharacterizing the witness's  
20 testimony.

21 JUDGE WOODRUFF: The objection is overruled.  
22 You can answer the question if you can do it.

23 A I will restate that that plan there shows every  
24 wire center in the ETC area, and it demonstrates exactly  
25 what U.S. Cellular is going to do in every wire center.

1           Q     And I appreciate that, and I'll just ask for a  
2 bit more deference to get an answer. Is it fair to state  
3 that Exhibit A does not reflect concrete plans on a wire  
4 center by wire center basis for all of the wire centers  
5 for which your company seeks ETC status? Yes or no?

6           A     Again, I say -- I say that we represent the --  
7 every wire center is represented up there. And we are  
8 showing exactly what our plan is for every wire center.

9           MR. GRYZMALA: Your Honor, with all due respect,  
10 may I ask the Court to direct the witness to answer my  
11 question? It's either yes or it's no.

12          JUDGE WOODRUFF: If you would, please answer yes  
13 or no.

14          A     Restate your question.

15          MR. GRYZMALA: Could you read it back?

16          MR. LAFURIA: Your Honor, I'm sorry. He's  
17 answered twice already.

18          JUDGE WOODRUFF: Well, he's given answers, but  
19 he hasn't given in a yes or no answer if --

20          MR. LAFURIA: I heard him say yes at least once,  
21 your Honor.

22          JUDGE WOODRUFF: Well, he's been qualifying it.  
23 I think counsel has an opportunity to clarify exactly what  
24 the answer is, so --

25          MR. LAFURIA: Thank you. I'm sorry.

1 JUDGE WOODRUFF: I believe he asked for the  
2 court reporter to read back the question.

3 (The previous question was read back.)

4 A Yes.

5 MR. GRYZMALA: Thank you. I'm done. Thank you.

6 JUDGE WOODRUFF: Then we'll come up for  
7 questions from the Bench. Commissioner Murray, do you  
8 have any questions for Mr. Johnson?

9 COMMISSIONER MURRAY: Thank you.

10 CROSS-EXAMINATION

11 BY COMMISSIONER MURRAY:

12 Q Good afternoon, Mr. Johnson.

13 A Good afternoon.

14 Q First of all, is it your understanding that for  
15 a site to qualify, for you to be granted ETC status that  
16 it doesn't have to be one that would never be built out,  
17 but simply one -- that would never be built out without  
18 USF support, but merely one that would not be built out  
19 within the next two years?

20 A Yes.

21 Q And where does the two years come -- come from?

22 A My understanding is the two years --

23 JUDGE WOODRUFF: Mr. Johnson, you need to get  
24 closer to the microphone.

25 A My understanding is the two years were -- were



1 designated by the Commission. Commission rules.

2 Q And the questions you were asked about wire  
3 center by wire center, your obligation to demonstrate wire  
4 center by wire center the build-out plan throughout the  
5 area in which you had sought ETC status, is it your  
6 testimony that your obligation is only to demonstrate  
7 throughout the entire area whether or not you have  
8 build-out plans within each wire center, and if so, how --  
9 what they are?

10 A Well, to ask -- to explain, if I may, what --  
11 what we were asked to produce was -- was a plan for two  
12 years. And we -- we took the highest priority sites that  
13 were not in our internal business plan and placed those on  
14 the plan and -- and -- with without regard to the wire  
15 centers.

16 Then we went back and looked at which wire  
17 centers were -- had improved coverage or improved quality  
18 because of that. Does that answer it?

19 Q Because you're seeking ETC status in areas that  
20 you don't have a plan to use USF support to build out in  
21 the next two years, how are you separating the USF funding  
22 that you're receiving from those wire centers in which you  
23 would not be doing a build-out?

24 A Well, we are -- we're -- we're tracking the  
25 sites that we consider to be ETC or USF funding sites. So

1 -- so we're certainly accounting for how we -- what --  
2 what we do in terms of using the funds. As far as if we  
3 look past the two years -- and, again, as I mentioned  
4 earlier, that planning for that is -- is fuzzier, but we  
5 expect to and intend to improve all areas in the ETC area  
6 that -- that qualify for high cost support.

7 Q And in the meantime, those areas in which you  
8 are not being -- not doing improvements, how will they  
9 benefit from your ETC designation?

10 A We -- we have roaming agreements in all of those  
11 other areas with other carriers. And we have the ability  
12 to resell in those areas for customers who would want U.S.  
13 Cellular service.

14 Q So that if you get a request, you have a means  
15 to provide the service?

16 A Yes.

17 Q And are there other ways in which customers  
18 would benefit from your receipt of ETC status --

19 A Those certainly --

20 Q -- in those areas?

21 A In those areas? Ultimately, over -- over our  
22 multi-year plan, we -- we intend to target all the areas  
23 within the ETC, within the area that we've requested.

24 So going back to some of these main areas that  
25 -- that were discussed earlier in the very southeast,

1 that's within our five-year window. We can see that that  
2 will be an area that we'll be targeting. And, in fact  
3 most of those white areas we'll be targeting at least  
4 somewhat within the next five years.

5 Q Is there any rationale for applying for ETC  
6 status only in those areas in which you intend to do  
7 build-out in the next two years and then coming back into  
8 that two years or prior to that two years and asking for  
9 ETC status in expanded areas?

10 A I -- I would say no. I think it would make  
11 sense for us to -- to be granted in the first place the  
12 entire area. And then based on our record year over year,  
13 as we -- as we report or progress and -- and -- and  
14 account for what we did year over year that the Commission  
15 continue to -- to support U.S. Cellular based on our  
16 record.

17 Q And if you're -- if you are granted ETC status  
18 in those areas in which you don't intend to build out in  
19 the next two years but you receive a request for service  
20 and you provide it on the basis of resale, you will not  
21 receive any universal service funding for that resale  
22 provision; is that correct?

23 A I'm -- I'm not aware of the mechanics of that,  
24 so I -- I don't know in detail. My understanding, it's  
25 based on actual customers. But other than that, I don't

1 know.

2 Q So that you might get -- get some measure of  
3 universal funding support for customers that you're merely  
4 providing service to on a resale basis?

5 A I'm not sure. I don't know.

6 Q And what about the ability to provide life line  
7 services?

8 A Yes.

9 Q Does that require that you have ETC status?

10 A I believe so. Yeah.

11 Q And what -- I'm struggling a little bit with the  
12 argument that AT&T is making about the areas in which  
13 you're seeking ETC status that are not considered high  
14 cost areas.

15 Now, if they're not a high cost area, the ILEC  
16 that serves the area does not receive universal service  
17 funding. Is that your understanding?

18 A That would be my understanding.

19 Q And is it also your understanding that an ETC  
20 could not receive universal service funding in the high  
21 cost -- in the non-high cost area?

22 A Yeah. To be honest, I'm not really that  
23 familiar with -- with the rules as they would apply. It  
24 would be something probably more appropriate for Mr. Wood.

25 COMMISSIONER MURRAY: Okay. I think that's all

1 I have. Thank you.

2 JUDGE WOODRUFF: Thank you, Commissioner. I  
3 have no questions, so we'll go to recross based on  
4 Commissioner Murray's questions. Public Counsel?

5 MR. DANDINO: Yes, your Honor. Just very -- a  
6 few.

7 RECROSS EXAMINATION

8 BY MR. DANDINO:

9 Q Good afternoon, Mr. Johnson.

10 A Good afternoon.

11 Q Commissioner Murray asked you about the life  
12 line and -- and also being able to be a high cost carrier.  
13 And it -- so it's your understanding that you can be a --  
14 that you have to provide life line?

15 A I -- I'm not familiar with --

16 Q Okay.

17 A -- all of those details.

18 Q Okay. So you don't know if you have to be a  
19 high cost carrier to receive life line funding?

20 A That --

21 Q Okay.

22 A No.

23 Q So you're just not familiar with that -- that  
24 area at all?

25 A Right. That would be more appropriate for

1 Mr. Wood.

2 Q Okay. And Commissioner Murray also asked you  
3 that for a site to qualify, the site doesn't have to be  
4 built and would not be built and it would still qualify  
5 under the plan. I was kind of confused about that.

6 A That doesn't sound right. No.

7 Q Okay.

8 A Say it again.

9 Q My note says that for a site to qualify in the  
10 plan, the site does not have to be built and would not be  
11 built, and it would still qualify in the -- in the plan.

12 A I don't agree with that statement.

13 Q Okay. So in other words. You could put  
14 something in the plan that isn't going to be built?

15 A Doesn't make sense.

16 Q No. Okay. That's what I wanted to clarify.

17 A Yeah.

18 MR. DANDINO: Okay. Thank you, sir. That's all  
19 I have. Thank you, your Honor.

20 JUDGE WOODRUFF: For Staff?

21 MR. HAAS: No questions.

22 JUDGE WOODRUFF: All right. CenturyTel?

23 MR. STEWART: No questions.

24 JUDGE WOODRUFF: For Small Telephone Group?

25 MR. ENGLAND: No questions. Thank you.

1 JUDGE WOODRUFF: AT&T?

2 MR. GRYZMALA: No, sir.

3 JUDGE WOODRUFF: All right. Then we'll go to  
4 redirect.

5 MR. LAFURIA: Thank you, your Honor.  
6 Commissioner Murray, some of your questions are very good  
7 and they do deserve a good answer. And we do have a  
8 better witness here who is qualified to answer them if  
9 you'll stick around for that.

10 REDIRECT EXAMINATION

11 BY MR. LAFURIA:

12 Q Mr. Johnson, on cross -- bless you -- you were  
13 asked about certain items that were located within the  
14 estimates that you gave. It was the percentage of the  
15 total cell site budget, and I think you were asked whether  
16 there was any overhead or markup within that -- that line  
17 item.

18 Those are little miscellaneous common costs I  
19 think were the -- were the things that were in there.  
20 Could you describe -- just describe specifically in a cell  
21 site what network, architecture, what pieces of equipment  
22 there are that are typically within that estimate?

23 A Within the other capital expenditure?

24 Q Correct, sir.

25 A Yeah. What -- what we were including in the

1 other capital expenditure were things like the switching  
2 equipment, the growth of our switching equipment to  
3 support the cell sites as well as things like digital  
4 cross connects, the power systems, all those common  
5 equipment aspects that are required to interconnect the  
6 switch and ensure the -- the growth of the switch and the  
7 ability to power -- to power the switch.

8 Q And the number that you've given there is a  
9 percentage of the total because -- tell me why.

10 A Basically, we -- we looked historically at our  
11 build plans in various areas. And based on numbers of  
12 sites, we -- we found a percentage that -- that gave us a  
13 very good estimate of what we expect to spend per site for  
14 -- for growth, to -- for that supporting equipment.

15 Q And let's just say the first year. I can't  
16 remember. Was it -- I think it was 20 -- 20-odd sites  
17 that you planned to build in the first year. If -- if --  
18 let's say you build 20 in year one.

19 At the end of that year when you come back to  
20 this Commission and say, Here's what we did with the  
21 funds, will you be able to give them specific numbers in  
22 terms of what you spent?

23 A Yes. Exactly.

24 Q And you commit to do that?

25 A Yes. We commit to do that.



1           Q     How often does your team get together to  
2     reprioritize and look at cell sites that you want to build  
3     in terms of determining what's above and below the line?  
4     I think that's the term we've been using today.

5           A     Right. We actual -- we actually do it on a very  
6     regular basis, monthly. But the team, as Nick talked  
7     about earlier, where we get together with sales is more on  
8     a quarterly basis.

9           Q     If this Commission were to have a rule -- if it  
10    were to interpret its own rules to say that when you put a  
11    list up there, let's say in this case, 39 cell sites, for  
12    the next two years, that list cannot change, by rule, it's  
13    not allowed to change, you absolutely have to build those  
14    39 cell sites, do you think that would be a good rule?

15          A     No. I -- I don't think it would be.

16          Q     Why not?

17          A     Well, one of the things that U.S. Cellular  
18    prides themselves on is the fact that we're very  
19    responsive to our customers.

20                 And, in fact, what -- the reason that we are  
21    continually evaluating the priorities of these sites is  
22    because the customers are giving us, through surveys,  
23    through customer complaints, as well as statistics and our  
24    own internal feedback where are the issues at any given  
25    point in time.

1           As you can imagine, when we present a plan and  
2 -- and then you're executing on that plan a year later,  
3 there are -- there are going to be changes that  
4 potentially could have -- could have come along where  
5 customers are better served by a different site in the  
6 plan.

7           The -- so the -- so by fixing that plan and not  
8 being able to make those changes, we couldn't respond to  
9 our customers the way we expect to do.

10          Q     And let's use an example. Just suppose that a  
11 cell site on your list of 39 which is below the line that  
12 a change in circumstances such that you decide, Hey, we've  
13 just got to do this and you go ahead and you invest your  
14 own funds and you build it. Let's say that happens.

15          A     Right.

16          Q     I have got 38 left. Is the Commission going to  
17 get 38 sites for their high cost build, or are they going  
18 to get 39?

19          A     They're going to get 39.

20          Q     How do they get that other cell site?

21          A     Well, any -- any build plan year typically is  
22 fixed. So -- so if we plan, for example, 25 sites and  
23 when we reprioritize a site from the list based on  
24 customer requirements or whatever is driving that, then  
25 one of the sites in that build plan list has to come down.

1 And so the -- the list of sites for ETC purposes would --  
2 would still be 39. It would be just a different site.

3 And -- and, additionally, we have, as I  
4 mentioned earlier, other sites that are even below the  
5 list that we've provided and the 39 that -- that are  
6 eligible as well.

7 Q I think you testified on cross that what we know  
8 or agree on somewhat is that roughly 230,000 customers are  
9 scheduled to get new or improved service as a result of  
10 these 39 cell sites, correct?

11 A Correct.

12 Q Okay. Are there -- are there other benefits --  
13 are there benefits for other U.S. Cellular customers other  
14 than these 230,000 people that would be affected by this  
15 construction?

16 A Absolutely.

17 Q What are they?

18 A Well, the -- as we improve our system, all of  
19 our customers benefit. In fact, not only Missouri  
20 customers, but -- but all of our customers that come to  
21 Missouri. They'll experience better -- a better quality  
22 of call and improved service in -- in larger areas as well  
23 as -- as well as improving mobility.

24 Q So every other customer in Missouri is going to  
25 see some improvement as a result?

1           A     Yes.

2           Q     Okay.  What technology does your system operate  
3     on?

4           A     CDMA technology.

5           Q     And can you name any other large carriers that  
6     operate and CDMA around the country?

7           A     Verizon Wireless or Sprint or Sprint/Nextel.

8           Q     Does Alltel use CDMA?

9           A     Alltel does use CDMA.

10          Q     Do you have any idea how many customers Verizon  
11     has today?

12          A     Fifty-five million.

13          Q     Good guess.  Sprint?

14          A     Forty-something.

15          Q     Alltel?

16          A     Eight, I think.

17          Q     So we're closing in on a hundred million  
18     customers around the country that are using technology  
19     like yours?

20          A     Yes.

21          Q     When any one of those customers come through the  
22     state of Missouri for any reason, are they going to see  
23     benefits, too?

24          A     Yes, they could.

25          Q     Okay.  Thank you.  Mr. Johnson, if this

1 Commission had adopted a five-year plan and we projected  
2 out \$11 million a year for five years and hit \$55 million,  
3 can you describe what you think this map would look like  
4 today projecting out a \$55 million build as opposed to a  
5 \$22 million build, which is the money the company expects  
6 to get?

7 A Yeah. It would be very substantially more --  
8 more coverage in all of the areas. I think you'd see --  
9 particularly, down in the southeast, the Cape Girardeau,  
10 Poplar Bluff areas, you would see a substantial coverage  
11 in those areas.

12 You'd see much less white in -- over a five-year  
13 period with the additional \$55 million.

14 Q Do you think that if U.S. Cellular is designated  
15 and it continues to get support -- let's just make these  
16 assumptions that the system stays in place and the money  
17 flows as predicted and the company moves on. Do you  
18 expect that at the five-year mark that what you're  
19 speaking of is actually going to happen?

20 A Yes.

21 Q If -- if AT&T has a wire center out here in the  
22 middle of the state in a rural area -- and I know on your  
23 list here there are some that are considered fairly  
24 sparse.

25 A Yes.

1           Q     Assume there's a sparsely populated wire center  
2 out here in rural area. As a general matter, would you  
3 consider that high cost wire center or low cost wire  
4 center to build for U.S. Cellular?

5           A     Probably a high cost. But it -- honestly, I'm  
6 not certain.

7           Q     Okay. To your knowledge, is there any material  
8 difference in the cost characteristics of the AT&T wire  
9 centers out here in the rural parts of the state compared  
10 to those served by the rural tel-cos?

11          A     No. I wouldn't think so.

12          Q     There were some questions about the  
13 decision-making process that you go through in order to  
14 decide whether a site should be included on this map,  
15 let's say, one of 39.

16          A     Right.

17          Q     And I believe -- let's say -- can you -- can you  
18 give me a description using -- what's -- I'm going to  
19 point at the map there.

20          A     Yeah.

21          Q     In that area, can you find a cell site that you  
22 could describe for this Commission what you went through  
23 in order to make the decision -- to get to the decision of  
24 whether to include it on this map or not?

25          A     Right. Well, every -- every site we look at in

1 much the same way. We take a look at all the proposed  
2 possibilities, and we determine which -- which sites have  
3 -- where -- where do we have the most customer complaints,  
4 where are with receiving feedback in terms of our customer  
5 survey.

6           If we have third party information, third party  
7 drive information, we use that as well. We also drive  
8 test the areas to -- to determine what -- what the actual  
9 experience is of the customer.

10           We use the system stats. We use information  
11 that comes from our sales partners. They're receiving  
12 information -- they experience those areas themselves as  
13 well as receive information from customers.

14           So those are the kind of things that -- that  
15 come into play when trying to determine whether a  
16 particular proposed site is viable in terms of the  
17 priority.

18           Q     Thank you. Could you turn to your Exhibit F, as  
19 in Frank, please, on your testimony?

20           A     Right.

21           Q     And this is listed as existing coverage in the  
22 Livonia, and I believe Livonia is up in the northern area?

23           A     Right.

24           Q     Near the border up there, state line.

25           A     Uh-huh.

1           Q     Can you, for the Commission, describe how this  
2 drive test provides you with information and contributes  
3 to the decision that you'd want to make over and above  
4 what this map might show?

5           A     Right.  So -- when -- when we're looking at a  
6 particular site, one of the pieces of information that we  
7 use is a drive test.  The drive -- the drive test  
8 basically emulates the customer's usage of the phone.

9                     And we are -- we log data to determine what --  
10 what we're experiencing in terms of coverage and what  
11 we're experiencing in terms of performance.

12                     You can see on the Livonia area drive test,  
13 there are three primary areas that were -- that -- where  
14 the signal was very, very low or essentially no coverage.  
15 And so -- so those were used as -- as additional  
16 information to justify the Livonia site, which will  
17 address all those areas.

18           Q     And will the proposed site at Livonia, according  
19 to the drive test, provide benefits for the roads as well  
20 as the town?

21           A     The town -- you can see by the location of the  
22 -- of one of the weak spots that -- the town is obviously  
23 an area where -- where there is poor coverage.  And that  
24 site will help that area and increase the coverage there.

25           Q     You were asked a question or two about the



1 company's E-911 service and certain problems of the GSM  
2 carrier, the one that uses a different technology than  
3 yours does.

4 Can you just please just talk about, if you can,  
5 why the E-911 technology that you used for locating  
6 customers who use that function is better than that of a  
7 GSM network?

8 A We -- the CDMA carriers use a GPS technology, so  
9 every --

10 Q I -- can I stop you right there? Could you just  
11 define the acronyms as you go so we can --

12 JUDGE WOODRUFF: Thank you very much. I  
13 appreciate that.

14 A Yeah. Every CDMA that U.S. Cellular sells today  
15 has a global positioning chip in the phone.

16 Q (By Mr. LaFuria) I'm sorry. I mean, when you  
17 say CDMA, do you mean a handset like this?

18 A A handset. Correct.

19 Q Okay. Go ahead.

20 A So the handset itself has -- has a global  
21 positioning chip that allows the phone to actually provide  
22 data on exactly where it is. And -- and so the CDMA  
23 system that U.S. Cellular uses provides a very accurate  
24 and meets all Phase 2 requirements put out by the FCC  
25 easily to locate a phone where -- when 911 is dialed.

1           Q     So for a person in an area of spotty coverage in  
2 your network where there might be just one cell site and  
3 it's spotty and they happen to get that call through, how  
4 accurate are you?

5           A     As accurate as whether you're sitting in the  
6 middle of St. Louis fully covered.

7           Q     Roughly, what is the accuracy? I mean, if  
8 someone pushes the button, your system's looking at it,  
9 what's --

10          A     Within about a hundred meters. Or a rough  
11 football field.

12          Q     Okay. So last -- two weeks ago, we had Mr. Kim  
13 up in Oregon with his family lost, and they were on a GSM  
14 system. Do you recall that case?

15          A     Yes, I do.

16          Q     Do you want to compare what happened in that  
17 case to what would have happened if he would have had one  
18 of your phones?

19          A     Yes. If he would have had a phone like ours,  
20 the GPS would have been able to locate the -- the phone  
21 within about a football field would have made a much more  
22 accurate location for where that car was. And I think we  
23 would have probably been able to get to them faster.

24          Q     Do you recall what the search area was that was  
25 given?

1           A     It was 26 -- if I remember correctly, 26 square  
2 miles was what -- the search area that was given based on  
3 the technology that that carrier used.

4           Q     So the GSM target area for search ratio was 26  
5 square miles. And with yours, it would be a football  
6 field?

7           A     Right.

8           MR. LAFURIA: That's all I have, your Honor.

9           JUDGE WOODRUFF: Thank you. Mr. Johnson, you  
10 can step down, then.

11          MR. JOHNSON: Thank you.

12          JUDGE WOODRUFF: And before we go on to  
13 Mr. Wood, we're due for a break. We'll come back at 3:00.

14                   (Break in proceedings.)

15          JUDGE WOODRUFF: All right. Let's come to  
16 order, please. We're back from break, and Mr. Wood has  
17 taken the stand. Would you please raise your right hand?

18                   DON WOOD,

19 being first duly sworn to testify the truth, the whole  
20 truth, and nothing but the truth, testified as follows:

21                                 DIRECT EXAMINATION

22          BY MR. LAFURIA:

23                   JUDGE WOODRUFF: You may be seated. And you may  
24 inquire.

25          MR. LAFURIA: Thank you, your Honor.

1 Q (By Mr. LaFuria) Please state your name and  
2 address.

3 A My name is Don J. Wood. My business address is  
4 30,000 Mill Creek Avenue, Suite 395, Alpharetta,  
5 A-l-p-h-a-r-e-t-t-a, Georgia.

6 Q And are you the same Don J. Wood that caused to  
7 be filed in this proceeding supplemental surrebuttal  
8 testimony consisting of 28 pages and associated exhibits?

9 A Yes, sir, I am.

10 Q Do you have any corrections to make to any of  
11 your testimony?

12 A I do not.

13 Q If I were to ask you the questions that are  
14 contained in this testimony today, would your answers be  
15 the same?

16 A Yes.

17 Q And are your answers true and correct to the  
18 best of your knowledge, information and belief?

19 A Yes, they are.

20 MR. LAFURIA: Your Honor, I believe this has  
21 been marked as Exhibit 27, and I would move for its  
22 admission into evidence.

23 JUDGE WOODRUFF: Thank you. Exhibit 27-NP and  
24 HC has been offered into evidence. Are there any  
25 objections to its receipt? Hearing none, it will be

1 received into evidence. Thank you.

2 (Exhibit Nos. 27-NP and HC were admitted into  
3 evidence.)

4 MR. LAFURIA: Thank you, your Honor. This  
5 witness is now available for cross-examination.

6 JUDGE WOODRUFF: Very well. Public Counsel?

7 MR. DANDINO: No question, your Honor.

8 JUDGE WOODRUFF: All right. Thank you. Thank  
9 you, Mr. Dandino. Any cross-examination from Staff?

10 MR. HAAS: Yes, your Honor.

11 CROSS-EXAMINATION

12 BY MR. HAAS:

13 Q Hello, Mr. Wood.

14 A Good afternoon.

15 Q Do you have a copy of your supplemental rebuttal  
16 testimony with you?

17 A Yes.

18 Q Would you please turn to page 12, line 25?

19 A Yes.

20 Q There you state USCOC's two-year plan provides a  
21 prioritization of projects based on customer needs and  
22 demands. USCOC expects to be able to complete based on  
23 its existing capital resources in the amount of Federal  
24 USF support that it would expect to receive if designated  
25 as an ETC. How many of the projects in that plan does

1 U.S. Cellular expect to be able to complete based on its  
2 existing capital resources?

3 A The -- the answer is none. This isn't  
4 well-worded. The plan -- this 39 site plan in conjunction  
5 with their internal plans would be what's funded with  
6 internal funds plus the USF support.

7 In terms of the USF support, it would be these  
8 39. And, conversely, there would be no funding to for  
9 these 39 internally. It would be all USF support.

10 Q Do you know how many projects U.S. Cellular  
11 would plan to complete using internal funds?

12 A You don't -- Mr. Johnson might have a number for  
13 that, but I don't know what their internal capital  
14 budgeting is.

15 Q Please turn to page 17 of your testimony. At  
16 line 22, you state, USCOC has made investments without USF  
17 support in those areas whenever such investment has proven  
18 to be economically rational. Would you define what you  
19 mean by economically rational?

20 A Sure. It's wherever the company, as a private  
21 entity, can make a business case for a particular  
22 investment. It's a capital budgeting process not unlike  
23 what other carriers go through or not unlike what other  
24 companies go through in terms of looking at, obviously,  
25 the capital outlays and associated expenses, the

1 potentials for revenues, I think, as Mr. Johnson  
2 explained, how also that project would impact other  
3 projects.

4           For example, the microwave transmission issue  
5 may have put some of those over a hurdle rate. But you  
6 look at what the company, given its -- what it knows about  
7 what customers are demanding, what it knows about its  
8 network needs, what it has available internally in terms  
9 of capital, what projects can get through that hurdle  
10 rate, past that required rate of return that make business  
11 sense to go make the investment.

12           And that's what they have done, and that's what  
13 I would expect them to continue to do, which will allow  
14 some build-out in some areas on an on-going basis. But it  
15 won't cover the map the way they can do with the USF  
16 support.

17           Q     Would depreciation also be one of those elements  
18 that you would look at in the business case for making --  
19 for building a tower without USF support?

20           A     I'm -- I'm a finance person. I'm married to an  
21 accountant, so she would have said yes, depreciation. But  
22 I look at asset life a little bit differently. Rather  
23 than depreciation as you -- how you track it on your  
24 books, I would rather look at specifically what the  
25 expected useful life is of a given asset because that will

1 directly impact your net present value analysis that will  
2 qualify the project or not qualify the project.

3           So in that sense, in terms of asset life, yes.  
4 Accounting depreciation, though, would not be part of that  
5 analysis.

6           Q     Do you or U.S. Cellular perform a different  
7 economic analysis to decide whether to build a cell site  
8 with USF support?

9           A     My understanding in talking to Mr. Johnson is  
10 that -- and understanding of his testimony today is that  
11 the company maintains a list of projects, many of them  
12 sites. Some of them may be other needed investments,  
13 transmission switching, that sort of thing.

14                 They have prioritized in terms of customer need,  
15 and then they can move down the list in terms of internal  
16 capital, move further down the list if there's support  
17 available, and then there may be projects left that still  
18 aren't funded.

19                 But as far as how they rank them, I think the  
20 answer is no, the analysis isn't different. What becomes  
21 different is that you -- when you are looking at that  
22 project, you've got those capital costs, the expenses, the  
23 asset lives, all those other things. You've got the  
24 revenue associated with selling the service to the  
25 customer, and then you have an additional source of



1 revenue associated with that project that might make that  
2 project become -- get over the internal hurdle rate and  
3 become a viable project.

4           So you would consider that additional source of  
5 revenue as something that might take an otherwise  
6 non-viable project and make it into a viable project. But  
7 it's fundamentally the same analysis for all of the  
8 projects on that list.

9           Q     Given that the capital outlay for a cell site  
10 that's being constructed with USF funds, is coming from  
11 USF support and not from investors, wouldn't you look --  
12 or would you look at the -- the economic analysis  
13 differently than when the dollars being invested are  
14 coming from investors?

15           A     Well, in terms of -- I mean, there are two  
16 things going on. One is the ranking of the project. And  
17 some of that it a financial analysis. That is largely  
18 also, though, driven by customer demands in terms of  
19 direct feedback from customers, the other coverage  
20 statistics that Mr. Johnson talked about that the company  
21 collects.

22                     The other thing you have going on, then, is how  
23 far down that list you can get? Can you meet your  
24 Internal rate of return hurdle for that group of projects?  
25 And you will get some distance down that list with

1 internal funds. Where you can't go then without the  
2 additional support is further down the list.

3           The fundamental analysis is the same. What the  
4 funds allow you to do -- and be clear, there's no  
5 prohibition against going even further down the list with  
6 some mixture of internal funds and USF. It's not an all  
7 or nothing.

8           It may be that some amount of USF makes the  
9 company's investment of its own capital on a particular  
10 project viable where it wouldn't have been before. So  
11 that becomes a project that doesn't require a total  
12 consumption of USF funding. It may be one that allows you  
13 to get additional projects funded that you couldn't have  
14 funded otherwise.

15           But it's the same -- it's the same analysis to  
16 work down the list.

17           Q    Does U.S. Cellular use a different -- or the  
18 same internal rate of return for determining whether to  
19 build a project with USF support or without USF support?

20           A    I need to give you a two-part answer to that  
21 because I kind of --

22           Q    Yes, please.

23           A    We kind of have three categories going. For  
24 their internal investment, then, they would have their  
25 internal rate of return for that kind of analysis or their

1 discount rate for their net present value analysis.

2           For this interim category that can exist, which  
3 is, if I have some support available, can I mix with my  
4 own funds and make this project viable? I would -- if I  
5 were doing the analysis, I would treat that support as an  
6 additional source of revenue and use the same internal  
7 rate of return.

8           For the category of projects that we have in the  
9 two-year plan, the 39 sites that are going to be funded  
10 purely on USF, or at least the current plan is to fund  
11 them fully with support, then you really don't have that  
12 rate of return internal hurdle. You really have the  
13 required expenditures. You have those ranked by customer  
14 need.

15           And then you look at what funds are available  
16 from support in order to make those investments. But I  
17 don't want to leave out that middle category because I've  
18 seen a lot of carriers be able to invest more of their own  
19 capital in an area because there is some USF support that  
20 makes those projects more viable.

21           So you can -- you know, you end up -- I guess  
22 the financial term would be leveraging your USF support to  
23 more projects than you could have otherwise.

24           Q     Do you know whether these -- these four sites  
25 that were originally on the list and that were built in

1 the last year provided the internal rate of return that  
2 U.S. Cellular expects for projects that its building  
3 without that support?

4 A I was not part of that analysis. I -- it is my  
5 understanding with the two sites that involved the  
6 microwave transmission that that was a case where the  
7 company could back up and actually re-do that analysis.  
8 Because a stand-alone -- I think Mr. Johnson's language  
9 was stand alone. I think that's what he referred to it as  
10 a cell site.

11 If you look at the project that way, it wouldn't  
12 be viable. But if you look at that as one link in a  
13 larger microwave transmission network so that you're  
14 really -- you're getting two benefits from building that  
15 site. You're getting your normal original coverage, but  
16 you're also getting essentially a link in a microwave  
17 transmission.

18 It's my understanding that that, at least for  
19 those two sites, is what made those sites viable where  
20 they weren't viable on a stand-alone analysis basis. So  
21 they would have gotten over the hurdle rate because of  
22 that additional capability that they were putting in with  
23 the transmission.

24 Q And what about the -- the two sites that were  
25 built ahead of schedule based on, I believe it was,

1 customer demand, drive-by analysis?

2 A I -- I can't speak to those as far as the  
3 analysis other than, you know, to note that it -- if the  
4 company is seeing that much customer demand and they need  
5 to move that up, then, of course, there are additional  
6 projects that are going to take their place.

7 So it's not as if moving some of these off the  
8 USF list loses a project. It means you have projects that  
9 wouldn't have been funded at all, supported or otherwise,  
10 that now can come on to the list.

11 Q I believe you said that you weren't part of the  
12 analysis that moved these four sites above the line, I  
13 guess it is?

14 A That's right. That was an internal company  
15 analysis that I was not part of.

16 Q Are you normally involved in the internal  
17 analysis even though you're the outside consultant?

18 A No. I -- I do some capital budgeting consulting  
19 for some clients, but this is not a project that I'm  
20 normally involved in because, quite frankly, while I could  
21 structure the financial analysis, it's really the people  
22 like Mr. Johnson who have the technical knowledge and then  
23 can combine it with the sales, customer demand type  
24 knowledge that really ought to be doing the final  
25 analysis. They're in a far better position in the company

1 to do it than I could do it from the outside.

2 MR. HAAS: I think that's all my questions.

3 Thank you.

4 JUDGE WOODRUFF: Thank you. And for  
5 cross-examination from CenturyTel?

6 MR. STEWART: I have no questions.

7 JUDGE WOODRUFF: All right. Small Telephone  
8 Company Group?

9 MR. ENGLAND: Thank you, your Honor. Thank you.

10 CROSS-EXAMINATION

11 BY MR. ENGLAND:

12 Q Good afternoon, Mr. Wood.

13 A Good afternoon, sir.

14 Q I'm not sure that we met the first time around,  
15 but you understand that I represent the small telephone  
16 companies in this case?

17 A Yes, sir, I do.

18 Q Okay. Excuse me. I'm going to follow up on a  
19 question or two from -- that you had from Mr. Haas. With  
20 respect to this list that you heard U.S. Cellular  
21 witnesses testify to earlier today --

22 A Yes.

23 Q -- have you seen or been privy to that list --

24 A I haven't --

25 Q -- of projects, at least for Missouri?

1           A     I have not seen that list of projects. I've  
2 discussed it -- I mean, that's the way a capital budging  
3 process works for carriers. And I've discussed it with  
4 them, but I've not seen the list of projects as it  
5 currently stands.

6           Q     So you haven't seen where they've drawn the line  
7 that gives us the above the line versus the below the line  
8 projects, at least for Missouri?

9           A     No.

10          Q     And I think you answered this question to  
11 Mr. Haas, but just make sure I've got it. You didn't do  
12 any of the business case analysis for any of the projects  
13 in Missouri?

14          A     No. Mr. Johnson and his team were in a far  
15 better position to do that than I.

16          Q     I've got some questions for you that I think I  
17 started to ask Mr. Wright, but I think he felt more  
18 comfortable with having you answer --

19          A     Sure.

20          Q     -- so they may sound familiar. Did -- do you  
21 know how U.S. Cellular arrived at or came up with the  
22 projected \$11 million a year in Universal Service Funding  
23 if they're designated an ETC in Missouri?

24          A     Yes.

25          Q     Okay. Can you give me a -- maybe a 20,000 foot

1 view?

2           A     Sure. There are reporting requirements and a  
3 fairly structured reporting process that USAC, the  
4 Universal Services Administration Company, USAC has  
5 created. And the companies go through that reporting  
6 process of -- in a wire line environment, you would say  
7 lines -- the lines for wireless carriers. A lot of times  
8 they call them POPS, standing for population.

9                     But what they're really talking about in the  
10 rules are end user subscribers, customers that they would  
11 report through the USAC process. Then based on the  
12 location of those customers, the amount of support at that  
13 location on a per line basis, there is a calculation that  
14 is put forth on the USAC web site of the projected support  
15 that would apply based on that customer reporting  
16 alignment.

17           Q     And it's -- if I understand it correctly, it's  
18 important to identify the location of that wireless or  
19 cellular customer because that has an impact on the per  
20 line amount they might receive, right?

21           A     Right. The rule is that it's the billing  
22 address of that customer that the -- that determines the  
23 customer's location for purposes of this report.

24           Q     Do you know how many total customers were used  
25 in arriving at the estimate that arose -- of \$11 million?



1           A     I don't -- I'm trying to think if there is  
2 something on the USAC site that would allow us to get to  
3 that on one of those reports because USAC puts together --  
4 I mean, they require companies at the time they seek a  
5 designation prior to being designated to begin reporting,  
6 not because they're going to be paid, but because that  
7 factors into USAC's projection process.

8                     And they put out on their reports on their web  
9 site their quarterly projections that include some  
10 companies that have not been designated. And it may be  
11 possible -- I haven't done it, but it may be possible to  
12 look at the reports that are currently on the USAC site  
13 and derive the number of customers based on where they  
14 are.

15                     It's not simply dividing 11 million times --  
16 divided by a certain number because that per line support  
17 is going to vary across the areas.

18           Q     Let me ask you this: Is it your understanding  
19 that on Day 1 after designation of ETC, U.S. Cellular  
20 would receive some support, I realize it varies per line,  
21 but for every line or customer that they have in the ETC  
22 area?

23           A     Well, just to be -- it won't quite be on Day 1.

24           Q     Okay.

25           A     There's -- there's certainly a -- there's a

1 process -- there's a government process that goes involved  
2 -- that's involved in this.

3 Q Welcome to regulation.

4 A I've been here for 20-something years, I guess.  
5 There is a process. It is structured in a way to make it  
6 equivalent to how the incumbent LECs are paid.

7 The incumbent LECs are not paid on a per line  
8 basis. They're paid on a total. But if you divided by --  
9 I mean, the way you get there per line is to divide by the  
10 number of lines.

11 So in order to pay a CETC on a competitively  
12 neutral base or to support them on a competitively neutral  
13 basis, you would have them report all of their subscribers  
14 so that they would be on a equivalent basis as to what the  
15 ILECs are being paid on, which is all of their  
16 subscribers.

17 Q What I was trying to get at, are there any  
18 customers of U.S. Cellular for which they wouldn't receive  
19 per line support if they qualify as an eligible  
20 telecommunications carrier?

21 A Yes.

22 Q And who -- who would those be?

23 A That would be any customer that is being served  
24 through a resale agreement. You know, there was some  
25 discussion with Mr. Johnson and Mr. Wright about how the

1 company would serve initially customers that are beyond  
2 its current network reach. They would do that through  
3 resale, but the company is not eligible for support for  
4 those customers.

5 Q So that would answer, I believe, Commissioner  
6 Murray's question earlier today, I think Mr. Johnson, that  
7 if a person in the Bernie exchange or the BPS Telephone  
8 Company wanted U.S. Cellular service and the only way U.S.  
9 Cellular was able to give them that service was through  
10 resale of another carrier's service, although that would  
11 be in name a U.S. Cellular customer, it would not qualify  
12 them for a per line support?

13 A That's right. Well, in name and in -- in fact,  
14 in terms of pricing and customer service and all of those  
15 things, it would be a U.S. Cellular customer.

16 U.S. Cellular would not qualify for support  
17 until they were able to serve that customer with their own  
18 facilities. It's quite an incentive structure, actually,  
19 for these companies to build -- build further out as they  
20 can.

21 Q Well, let me ask you this: If a -- if a person  
22 in Bernie, let's say a parent, has a son or daughter in  
23 school in St. Louis and they determine that the best plan  
24 or coverage or whatever for their -- for their child is  
25 U.S. Cellular's service in St. Louis --

1 A Yes.

2 Q -- but they want to pay for it, they're the  
3 billing address?

4 A Yes.

5 Q How is that reflected for per line support?

6 A That customer would be reflected also at the  
7 billing address. So you would have -- it would show two  
8 customers at the same billing address. Or two -- I hate  
9 to say lines.

10 I mean, USAC actually, in terms of its  
11 reporting, they keep referring to lines. These  
12 technically aren't lines, but two customer connections at  
13 that billing address.

14 Q I'm sorry. I probably confused you with my  
15 example. I think we're going to get to where you are in a  
16 minute.

17 The -- the father, mother, whatever, in Bernie  
18 only buys one phone from U.S. Cellular --

19 A Okay.

20 Q -- to give to their child to take with them to  
21 St. Louis when they go to school.

22 A Right.

23 Q Does that qualify for one, if you will, line  
24 support?

25 A That would be reflected as one line of support

1 for the billing address associated with that phone.

2 Q And you would look at BPS's per line USF draw  
3 for purposes of determining how much U.S. Cellular would  
4 get for that customer whose billing address is in Bernie?

5 A That's right. And then, of course, they would  
6 turn around and use those -- that support and those  
7 expenditures not in St. Louis but out in these other  
8 areas.

9 Q Is that your understanding, that they're  
10 required to use it in areas other than St. Louis?

11 A It is certainly my understanding that they must  
12 use it within their CETC designated area, which would be  
13 the area in red. It would be irrational for them to use  
14 it in St. Louis.

15 If they have the St. Louis projects that they  
16 can justify internally, they would be highly motivated to  
17 use it in these other areas for one of the reasons we just  
18 discussed, which is if they're serving a customer out here  
19 by resale, they aren't receiving support.

20 So there is substantial motivation for the  
21 company to build out as far as they can as quickly as they  
22 can, beyond their commitment, which is substantial. But  
23 they also have a financial incentive to do exactly that  
24 and fund these more urban projects through internal  
25 sources of capital and to resolve the USF if they can in

1 the more rural areas.

2 Q I understood from your prior answer that they  
3 were not permitted to use that per line support in the St.  
4 Louis area. Did I misunderstand that?

5 A Well, let me -- I'll be more precise. They must  
6 use it in this CETC designated area. They, at least in  
7 this plan, will obviously be using it in rural areas.

8 In any future plan, the Commission could review  
9 and make sure that it's only in rural areas. They can  
10 review at the end of the year and see that it's only been  
11 in rural areas. The company is also highly motivated  
12 itself to do it that way.

13 Q But they're not prohibited from using it in the  
14 St. Louis area because that's within the red lines, right?

15 A Well, not -- that's not quite true. They're not  
16 prohibited by federal rule because it's in that CETC  
17 designated area.

18 If you leave St. Louis out, then you can't offer  
19 life line in St. Louis. So it needs to be there for that  
20 purpose. But as far as are they prohibited from doing it  
21 that way, the answer effectively is yes because this  
22 Commission can review the plan ahead of time and the  
23 actual expenditures when the actual data becomes  
24 available, and they don't have to qualify the customer --  
25 the company if it's spending money in St. Louis.

1           So they will be prohibited by this Commission,  
2 even though they're not prohibited by federal rule, to  
3 spend it anywhere within that red -- red-bordered area.

4           Q     Let me get back to my original line of  
5 questioning.  Of all of the U.S. Cellular customers in  
6 existence today, I believe you indicated that if U.S.  
7 Cellular becomes an eligible telecommunications carrier,  
8 there are certain customers for which they wouldn't  
9 receive per line support?

10          A     Yes.

11          Q     And an example was resale.

12          A     That's right.

13          Q     Any other customers?

14          A     I -- based on what I know of the company's rate  
15 plans, I don't know of any.  I mean, if -- hypothetically,  
16 if a cus -- if a carrier were to create some data only  
17 plan or some -- something like that didn't provide the  
18 supported service, the unsupported services as part of  
19 that package, then that line would not be properly  
20 reported.  But I can't think of a U.S. Cellular plan that  
21 meets that description.

22          Q     Is it fair, then, to say that, for all intents  
23 and purposes, at last the vast majority of U.S. Cellular's  
24 customers are non-resale, and they would qualify for per  
25 line support based on the billing address?

1           A     U.S. Cellular would qualify for per line support  
2 for the billing address on those customers. That's right.

3           Q     As a practical matter, is there any per line  
4 support for U.S. Cellular customers that had billing  
5 addresses in AT&T's study area?

6           A     No. Not currently.

7           Q     But apparently, if I understand some of the  
8 opening statements and some of the briefs that have been  
9 filed in this, there is some money to be obtained by  
10 U.S. Cellular for customers located in AT&T wire centers?

11          A     Not to my knowledge. It -- and let me be clear  
12 because I -- I'm not sure exactly what I've heard AT&T say  
13 today. They've been pretty careful with their words.

14                   They've suggested that they have no high cost  
15 wire centers. They're, of course, at the FCC right now  
16 clamoring that they do have high cost wire centers in  
17 Missouri and they need support for those and the mechanism  
18 needs to be changed so they can be supported.

19                   I think what they've been careful to say is  
20 there aren't any high cost support areas and that's  
21 because they get paid on a -- or considered on a  
22 state-wide average basis. So they very well may and, in  
23 fact, do have some high cost areas that they serve that --  
24 because of the way Tier 1 carriers receive support based  
25 on the model support mechanism, which is different from



1 the small ICO mechanism, they aren't receiving funding  
2 because of -- their average cost doesn't meet the  
3 threshold for model support.

4           But that in no way suggests that they aren't  
5 serving high cost areas. What that means, unfortunately,  
6 for a carrier like a U.S. Cellular is that in order to  
7 serve that area, there would be no support associated with  
8 customers in that area. But it's still a high cost area,  
9 and they would still have to find a way to invest in their  
10 own facilities in that high cost area, even though there's  
11 no support available for those customers once they  
12 construct the facilities and can serve them.

13           And that's just a relic of how this bifurcated  
14 system between Tier 1s and non-Tier 1 LECs was set up back  
15 in 1996.

16           Q     Let me ask you about the Bernie customer now  
17 that bought the phone for their son or daughter that's  
18 gone off to school in St. Louis --

19           A     Yes.

20           Q     -- but instead subscribes to four phones from  
21 U.S. Cellular, one for the husband, one for the wife and  
22 two children, we'll say. And I think this gets to an  
23 answer you'd given me earlier.

24                     Does that qualify, then, for four per line  
25 amounts of USF support, if you will, or is it just one

1 because it's one billing address, one account?

2 A It is four -- I hate to do air quotes -- line  
3 equivalents that we're talking about. And -- and when you  
4 -- when the FCC has looked at -- and I think they're  
5 right.

6 From a cost standpoint, you know, a wireless  
7 carrier doesn't have a physical facility that's being  
8 displaced when a customer uses it, but they do have  
9 transmission band width that's used.

10 And an account with four phones, we use four  
11 times -- consumed four times the band width. So in terms  
12 of how a wireless carrier incurs network costs, they're  
13 going to incur four times the cost for a four-phone  
14 account, even though they're billed to the same address.

15 And that works the same way as for the small  
16 ICOs. It's a small, individual local loop that's being  
17 displaced. They would lose four lines for four customers  
18 because that's the way they incur network costs based on  
19 copper wire rather than an amount of displaced band width  
20 on a certain site.

21 So it works the same for both types of carriers  
22 based on how they incur costs.

23 Q Well, that example that I gave you, if that  
24 Bernie customer only has one local loop from BPS Telephone  
25 Company, they're getting only support for that one line

1 even though four people may be using it, correct?

2           A     That's right. But four people using that one  
3 line doesn't cost the incumbent LEC to incur any  
4 additional -- any greater cost because that line is a  
5 fixed cost in the form of a copper loop from the wire  
6 center to the customer.

7           The equivalent of that loop on a wireless  
8 network is an amount of transmission band width. And four  
9 customers with four handsets using that transmission band  
10 width do cause the wireless carrier to incur four times  
11 the cost.

12          Q     Do they have to be using it at the same time to  
13 -- to use four times the band width?

14          A     Well, at any given moment, yes, if you want to  
15 measure four times the band width, it would be at the same  
16 time. In terms of how you would do your network  
17 projections and build your capacity, you'd look at how  
18 much usage you would expect from each handset that's out  
19 there in use, and you'd have to account for that capacity  
20 need as you built your network.

21                 So all four of those handsets would cause you,  
22 as a wireless provider, to design additional capacity in  
23 your network to reflect the usage associated -- that's  
24 likely to be associated with the handset.

25          Q     You wouldn't design your network for four times

1 the traffic?

2 A That is correct. Just as you wouldn't design  
3 your network to assume any one handset was in use 24 hours  
4 a day, seven days a week. So it's still four times the  
5 cost even though it's not an assumption for any of those  
6 handsets that they're continuously in use.

7 Q Do you know what caused the estimated USF draw  
8 for U.S. Cellular to go from \$8 million in the last  
9 proceeding to \$11 million in this proceeding?

10 A It is my understanding that they had improperly  
11 counted subscribers when they made the initial report to  
12 USAC. But I wasn't involved in that process.

13 Q Would that also explain why the estimated USF  
14 draw from your filing in this case went from \$800,000 a  
15 year to 8 million in the first proceeding?

16 A I'm sorry. Can you -- I missed the first part  
17 of that -- that question.

18 MR. ENGLAND: May I have that read back, please?

19 A Yeah. I apologize.

20 (The previous question was read back.)

21 A If I understand your question correctly, I think  
22 the answer is yes. They simply didn't do the calculation  
23 correctly to report the lines to USAC. And they've  
24 corrected that.

25 And, obviously, if they've done it incorrectly

1 this time, USAC will not be shy about letting them know  
2 that.

3 Q I think this is a question I asked Mr. Wright,  
4 and I think he felt more comfortable with you answering.  
5 I'll give you a shot at it if you feel comfortable --

6 A Sure.

7 Q -- going ahead. And if not, let me know. If  
8 U.S. Cellular is not designated as an ETC for some of the  
9 areas that it seeks in its proceeding because the MO PSC  
10 finds that it is not providing supported services  
11 throughout the entire area, is it your understanding that  
12 U.S. Cellular could come back and seek additional  
13 designation for those excluded areas later?

14 A I -- I think the answer is simply yes, but I  
15 want to make sure I understand the predicate because it's  
16 certainly not my understanding of the federal standard  
17 that the Commission could deny an application that was  
18 otherwise proper simply because the carrier was not  
19 currently serving throughout the area because that's not  
20 the federal requirement.

21 MR. ENGLAND: Your Honor, could I have that  
22 response stricken? That has absolutely --

23 JUDGE WOODRUFF: That -- that is non-responsive.

24 MR. ENGLAND: For a variety --

25 JUDGE WOODRUFF: The -- the predicate is

1 stricken. All right?

2 A Okay. Well, I -- I want to give him a simple  
3 yes or no, but I want to understand what he meant by the  
4 first part of his question because that's going to affect  
5 whether I -- he wants me to give him a yes, and I want to  
6 give him a yes, but I --

7 Q (By Mr. England) And it's purely a factual  
8 hypothetical. I'm not asking you to agree with my legal  
9 conclusion or otherwise. And that is simply if you're  
10 denied ETC status in some of these areas because you're  
11 not serving Missouri as presently or in the next two  
12 years, right or wrong, is there anything that would  
13 preclude you from coming back later when you are serving  
14 or about to serve those areas and asking for further  
15 designation in those excluded areas?

16 A No.

17 MR. ENGLAND: Thank you. No other questions.

18 JUDGE WOODRUFF: Thank you. Cross-examination  
19 from AT&T?

20 THE COURT REPORTER: Excuse me. I need to  
21 change paper.

22 JUDGE WOODRUFF: All right. We'll go off the  
23 record for a moment while the change -- she changes her  
24 paper.

25 (Break in proceedings.)

1                   JUDGE WOODRUFF: All right. We're back on the  
2 record. And cross-examination from AT&T?

3                                   CROSS-EXAMINATION

4 BY MR. GRYZMALA:

5           Q     Good afternoon, Mr. Wood.

6           A     Good morn -- sorry. Good afternoon,  
7 Mr. Gryzmala.

8           Q     Just a couple questions. I wanted to ask you a  
9 bit about your testimony with regard to high cost, not  
10 high cost, the discussion.

11          A     Yes, sir.

12          Q     Can we agree that at this point in time each and  
13 every one of AT&T Missouri's wire centers are non-high  
14 cost wire centers for purposes of the Universal Service  
15 Fund qualifications?

16          A     No, sir, we cannot.

17          Q     I understand your testimony to say that,  
18 certainly, some of AT&T Missouri's wire centers are rural  
19 in character?

20          A     Yes, they are.

21          Q     Rural in geography?

22          A     Yes, they are.

23          Q     But for purposes of high cost support to AT&T  
24 Missouri, is it not fair to say that all of AT&T  
25 Missouri's wire centers are not high cost support? In

1 other words, they receive no high cost support for those  
2 wire centers?

3 A Okay. That's -- that's a different question  
4 than I understood the question.

5 Q I understand.

6 A They do not receive support.

7 Q Okay.

8 A But that's based on the FCC's model support  
9 mechanism, which actually does calculate costs associated  
10 with wire centers that show a significant cost disparity  
11 for SBC's wire centers in Missouri and shows some very  
12 high cost areas.

13 Q I understand that. I understand that.

14 A But that -- the mechanism averages those  
15 together to qualify the state or not qualify the state.

16 Q You've answered my question. But you used a  
17 term there that I could not write down quickly enough on  
18 your original testimony. According to the FCC's cost  
19 model? Is that what you said?

20 A Yeah. The FCC --

21 Q Did I get the terminology right?

22 A Nearly.

23 Q Okay. What's the label, FCC's --

24 A The FCC's -- it's either -- variously, it's the  
25 synthesis model or the hybrid cost proxy model.



1 Q Okay.

2 A It's the FCC's model.

3 Q Can we agree that as a result of the FCC's  
4 model, there is no high cost support that flows to AT&T  
5 Missouri in these wire centers?

6 A I can't agree with that because, as a result of  
7 the model -- the model doesn't determine whether there is  
8 support flowing to SBC in Missouri or not. The model  
9 indicates some very high cost areas.

10 Because of the mechanics of how Tier 1s receive  
11 support, which is on a state-wide averaged basis, and then  
12 on a -- the state averages are lined up highest cost to  
13 lowest cost and there's a finite amount of money, and,  
14 basically, states get supported down the list one after  
15 the other until the money runs out and it runs out before  
16 we get to the average cost for Missouri.

17 Q Okay.

18 A So as far as the FCC's model is concerned,  
19 there's some very high cost areas served by SBC/AT&T in  
20 Missouri. The mechanism, though, that averages those with  
21 low cost areas causes SBC not to be supported for those  
22 high cost areas.

23 Q Okay. Thank you. And forgive me. I'm just not  
24 as conversant. So we agree, then, as a result of the  
25 mechanics of Tier 1 support, AT&T Missouri receives no

1 universal service high cost support for any of its wire  
2 centers?

3 A In Missouri. That's right.

4 Q Okay. That's right.

5 A That's right. That's my understanding.

6 Q Thank you. Now, under the FCC's rules or  
7 mechanics of Tier 1 support or other principles, it's also  
8 true that if a competitive ETC in a non-rural ILEC  
9 territory -- or if there is a competitive ETC in a  
10 non-rural territory, that competitive ETC gets wire center  
11 support in the same amount as the ILEC would have  
12 received, correct?

13 A That's right. Which in this case would be zero.

14 Q Right. That's the point I want to make.

15 A Yes.

16 Q In this case, if U.S. Cellular's certificated or  
17 receives ETC status in AT&T Missouri's wire centers, it  
18 will receive no high cost support?

19 A That's right.

20 Q Okay.

21 A It -- U.S. Cellular and SBC would both be in a  
22 very tough position, equally tough position. They'd be  
23 both trying to serve a high cost area and both not  
24 receiving support for doing so.

25 Q You mentioned your understanding previously that

1 high cost support is to be used competitively in the high  
2 cost service area; is that correct?

3 A That's correct.

4 Q Under your view of the rules, the applicable  
5 rules, that would allow U.S. Cellular to use high cost  
6 support funds in St. Louis city; is that correct?

7 A The federal rule --

8 Q Is that -- is that yes or no? If you need to  
9 qualify it --

10 A Well, if you want just a yes or no, the answer  
11 has to be no because it's prohibited by the federal rule.  
12 But it would -- it's not prohibited by the federal rule,  
13 but it would be prohibited by the Commission.

14 There's a multi-stage process for qualifying  
15 these things and for approving them. And this Commission  
16 plays an extremely important role in its annual review and  
17 its decision to certify or not recertify a carrier.

18 So, no, U.S. Cellular could not do that. They  
19 are prohibited. It's not language in the federal rules.  
20 It's the oversight of this Commission would prohibit that.

21 Q So your point is that there is nothing under  
22 federal law at this time which prohibits U.S. Cellular  
23 from spending high cost funds in the St. Louis City, but  
24 that there would be an adequate -- and that there is no  
25 corresponding state rule either, by the way, that would

1 also be your testimony, correct, but that the annual  
2 certification process of this Commission would allow a  
3 sufficient safeguard? Is that your position?

4 A Not really sufficient to say a superior  
5 safeguard because there would certainly be instances where  
6 we've got some high density areas -- high density doesn't  
7 always equate to low costs.

8 There could be some areas in the most urbanized  
9 areas of the country that turn out to be very expensive to  
10 serve. Rather than exercising federal judgment from afar,  
11 we would have this Commission's judgment on those kind of  
12 expenditures here on the ground in Missouri in the best  
13 position to decide.

14 So if U.S. Cellular came in after two years, for  
15 example, and said, Okay, we've got another 40 sites  
16 they're all in rural areas, and the Commission said, I  
17 hear you, but we've got a problem because we think there's  
18 a real issue in some specific area in St. Louis or Kansas  
19 City, very well could be Kansas City because it's not in  
20 the area, St. Louis, and we want you to dedicate some  
21 resources there, the company could, in fact, do that if  
22 the Commission found it in its judgment here closer to the  
23 facts that that would be a good place to spend that money  
24 for whatever reason.

25 Q So you're saying there is a scenario under which

1 the Commission could conclude that a wire center and a  
2 non-ILEC, non-rural ILEC wire center area should receive  
3 the benefit of high cost support?

4 A If the Commission made that decision, then the  
5 company would obviously have to do that.

6 Q Now, let's assume for a moment that that were  
7 the Commission's decision in no particular wire center,  
8 but let's assume you have the situation where you have a  
9 wire center for a non-rural ILEC such as AT&T Missouri for  
10 which under federal law and the mechanics of Tier 1  
11 support, neither AT&T Missouri nor U.S. Cellular would  
12 receive any high cost support. Okay?

13 A That's right.

14 Q Let's assume all that.

15 A Okay.

16 Q And after a year or what have you, going through  
17 the certification process, you persuade a Commission to  
18 say, you know what, we will provide you -- or we will  
19 allow the opportunity to spend high cost support in that  
20 rural -- or non-rural ILEC's wire center. Okay?

21 A Okay.

22 Q Assume that.

23 A Okay.

24 Q So you have \$5. Right? Which would allow --  
25 let's assume have you a \$5 bill that you want to move from

1 your high cost support that you've received and -- and put  
2 money into that wire center that is a non-rural ILEC wire  
3 center, correct? Let's assume that.

4 A Okay.

5 Q Does that not afford you an advantage over the  
6 non-rural ILEC because that rural -- that non-rural ILEC  
7 doesn't have the use of the \$5 that you have been  
8 provided? Doesn't that provide your firm a competitive  
9 and economic advantage relative to that ILEC?

10 A Well, you've created quite a hypothetical. But  
11 purely within the confines of that hypothetical, there  
12 would be some advantage, I think, for the competitor.  
13 Would it offset a hundred year headstart for the incumbent  
14 ILEC? Probably not. Probably on balance --

15 Q The headstart has not been resolved by the FCC's  
16 rules nor the mechanics of Tier 1 support. They are what  
17 they are, isn't that correct?

18 A That's correct.

19 Q Okay. So --

20 A If you want to look at competitive advantages,  
21 we can't just -- we can't look at that \$5 and ignore the  
22 \$100 bill that's sitting here, for example.

23 Q Let's take away competitive advantage. Would it  
24 provide U.S. Cellular an economic advantage, just a  
25 straightforward \$5 dollar economic advantage over AT&T

1 Missouri in order to deploy a high cost \$5 fund into a  
2 non-high cost wire center?

3 A And the answer, I believe, is -- is it depends.  
4 And, again, we're looking at a fairly unusual circumstance  
5 where the Commission would direct a company, a CETC, to  
6 invest funds in that location.

7 But in the highly urban areas that I've looked  
8 at in terms of cost, where there is an incumbent network  
9 in place, it's not the -- the difficulty -- the  
10 competitive difficulty is not with the placement of the  
11 first network. It's the placement of the second network.

12 So, in fact, this may not be a competitive  
13 advantage for a CETC at all in terms of the cost that it  
14 would incur moving into area because there's absolutely no  
15 reason to assume that the cost of the incumbent ILEC and  
16 the cost of the new CETC are the same for that area simply  
17 because of the characteristics because the timing of those  
18 networks may be a big cost given --

19 Q I have no quarrel in terms of the underlying  
20 costs. What I'm simply asking and I'll move on from this  
21 question --

22 A Sure.

23 Q -- is would you agree or would you not agree  
24 that the use of a \$5 universal service high cost support  
25 amount by U.S. Cellular in a non-rural ILEC wire center

1 area would give that carrier an economic advantage over  
2 AT&T Missouri, which has not received that \$5 bill?

3 A And the answer still has to be not necessarily.

4 Q Okay.

5 A And, of course, the CETC would only be doing it  
6 if the Commission wanted them to do it and directed them  
7 to in the first place.

8 Q And if the Commission decides to let the CETC do  
9 that, wouldn't that shift in a \$5 bill necessarily  
10 represent a shift away from the benefit that could be  
11 provided that high cost center under the FCC's rules and  
12 under the -- the mechanics of Tier 1 support today?

13 A I'm sorry. You're going to have to give me that  
14 one again.

15 Q If the Commission allowed that -- that use of \$5  
16 in a non-rural -- in a rural wire center that was  
17 earmarked for rural high cost support, all right, high  
18 cost support, if the Commission allowed that \$5 bill  
19 earmarked for high cost support and used it in a non-rural  
20 ILEC territory wire center, that \$5 could not be used in  
21 an admittedly high cost wire center under the FCC's regime  
22 today. Isn't that necessarily the case?

23 A Well, I -- I mean, I think it's not really the  
24 FCC's regime. As a matter of fact, if you spend a dollar  
25 one place, you can't spend it somewhere else.



1 Q And so that would happen here as well?

2 A So the Commission -- and I don't want to -- it's  
3 not really the Commission allowing the expenditure. It  
4 would be the Commission directing the expenditure there,  
5 and it would obviously be the Commission in its judgment  
6 deciding that it would rather see that \$5 spent in this  
7 urban high cost area than in the rural high cost area.  
8 And it would have weighed those factors, presumably, and  
9 made that decision.

10 But you're right. It can only be spent in one  
11 place. And if the Commission says to spends it at Point  
12 A, then it's not available at Point B.

13 Q Is that asking the Commission to substitute its  
14 judgment for the present structure of the FCC's rules and  
15 the Tier 1 support mechanism?

16 A No. I think that's having the Commission  
17 exercise its judgment at exactly the appropriate place,  
18 which is in this annual review process and working  
19 directly with the companies as U.S. Cellular works with  
20 Commissions in other states to come into to a meeting of  
21 the minds on where the investments are going to go.  
22 That's exactly what the Commission's role is supposed to  
23 be.

24 MR. GRYZMALA: That's all I have. Thank you.

25 JUDGE WOODRUFF: Thank you, sir. Questions from

1 the Bench. Commissioner Murray?

2 CROSS-EXAMINATION

3 BY COMMISSIONER MURRAY:

4 Q Good afternoon.

5 A Good afternoon, Commissioner.

6 Q Mr. Wood, you were asked a question about if  
7 U.S. Cellular received -- or provided four cell phones to  
8 the same customer, four cell phone accounts to the same  
9 customer whether it would receive support for four lines.

10 A Yes, ma'am.

11 Q Do you recall that?

12 A Yes, ma'am.

13 Q And your answer, I believe, was yes. If the  
14 ILEC supplied four land lines to that same customer, would  
15 it receive support for four lines?

16 A Yes, ma'am.

17 Q And if it supplied 12 lines, would it receive  
18 support for 12 lines to that same customer?

19 A Yes, ma'am. The ILECs receive support on the  
20 entirety of their network. So it would be a one for one  
21 relationship just like that.

22 Q Okay. And then you were asked about the use of  
23 a land line phone by more than one individual within the  
24 household and whether that -- if -- if all four of the  
25 family used one line whether that ILEC would receive

1 support for more than one line. And I recall your answer  
2 was no. If it's only supplied one line, it will only  
3 receive support for one line; is that correct?

4 A That's right. And it's really tied to how they  
5 incur their cost. They incur a cost -- I mean, they have  
6 some switching transmission, but primarily it's that local  
7 loop. It's that copper wire. And if you've got --

8 Q Just let me go ahead if it's all right.

9 A I'm sorry. Yes.

10 Q And if the college -- if the child that went off  
11 to college with his cell phone allowed his friends to  
12 borrow his phone and use it, would U.S. Cellular receive  
13 support for more than one cellular connection?

14 A You mean if the phone just -- the handset  
15 physically changed hands?

16 Q Yes.

17 A No, ma'am. It's still --

18 Q So it's really kind of the same thing, is it  
19 not? If one line is supplied, one support mechanism is  
20 supplied. If two lines are supplied, whoever the carrier  
21 supplying it, is receiving support for whatever line --  
22 whatever number of lines that carrier is supplying; is  
23 that right?

24 A That's exactly correct.

25 Q And that's -- if that is a very costly, very

1 foolish way to do things, that really doesn't have  
2 anything to do with whether or not there should be more  
3 than one carrier in an area receiving support, does it? I  
4 mean, isn't that just a function of the way the current  
5 laws are written?

6 A It -- it is very much that. And, you know, I  
7 talked to Mr. Gryzmala about the Tier 1 support. We can't  
8 fix any of those things here. There may be things that --  
9 and they are being addressed at the FCC right now. We  
10 can't fix all that here.

11 What we can do is find a way, I think, to get  
12 this kind of investment out to these customers that they  
13 wouldn't be getting otherwise.

14 Q And would you agree that it's -- there is great  
15 need for fixing some things at the federal level in terms  
16 of universal service?

17 A Oh, I think there are always reasons to fix some  
18 things at the federal level, but yes, ma'am. And,  
19 obviously, you know, the joint board is looking at that  
20 and continues to. The FCC is also. But, you know, really  
21 what we have here is the case of a specific carrier's  
22 application.

23 Q And the -- back to that college student from  
24 Bernie that attends college in St. Louis taking his cell  
25 phone.

1           A     Yes, ma'am.

2           Q     Is that service -- would that scenario that --  
3 or that hypothetical that you discussed, would that  
4 involve a number that would be local to the Bernie area,  
5 or would it necessarily be --

6           A     Well, it would -- well, in the out balance side,  
7 it wouldn't matter because what U.S. Cellular is offering  
8 in its rate plans would allow that customer to call  
9 anywhere in the Continental U.S. That is a local call  
10 regardless of the number.

11                     It would most likely be a number -- I'll take  
12 that back. It depends on -- it depends on the switching  
13 and interconnection agreement arrangement with the ILEC as  
14 to how the numbers would be assigned.

15                     So there could be different answers to that.  
16 But as far as the customer making calls, they could call  
17 throughout the country regardless of the number assigned  
18 to their handset.

19                     COMMISSIONER MURRAY: I think that's all. Thank  
20 you.

21                     MR. WOOD: Thank you.

22                     JUDGE WOODRUFF: Commissioner Gaw?

23                     COMMISSIONER GAW: Thank you.

24                                     CROSS-EXAMINATION

25 BY COMMISSIONER GAW:

1           Q     I just want to ask a few questions here, and --  
2 and I apologize if you've already covered this ground.

3           A     That's what I'm here for.

4           Q     First of all, tell me again how long you've been  
5 with the company.

6           A     I'm an outside consultant to the company.

7           Q     And -- and how much access have you had to the  
8 company's historical spending?

9           A     I have had no direct access. I have had  
10 discussions with the representatives of the company that  
11 are here, but I have not been in the process of capital  
12 budgeting, for example, within the company.

13          Q     Okay. So have you heard any testimony while you  
14 have been here regarding historical expenditures?

15          A     In terms of the magnitude, that would really be  
16 for Mr. Johnson. And I really -- I'm sorry. I just --

17          Q     We can go back to him.

18          A     And I think we may need to do that because I  
19 just simply don't have that information.

20          Q     So do you have any -- any -- have you been given  
21 any information from the company in regard to future  
22 expenditures?

23          A     Only with regard to the supported expenditures  
24 associated with this two-year plan.

25          Q     All right.

1           A     I guess I've been given the same information  
2 that you have. So I'm not sure.

3           Q     In regard to the -- to the expenditures that you  
4 understand them to be making in -- in the next two years,  
5 can you compare the total expenditures within the state of  
6 Missouri to the expenditures that have historically been  
7 made in the state of Missouri? Do you have the  
8 information that gives you the ability to -- to do that?

9           A     Well, my understanding of Mr. Johnson's  
10 testimony is that the historic expenditures, the  
11 non-supported expenditures have varied quite a bit over  
12 time. They -- they've varied over a pretty wide range.

13                     So there's -- there's not a typical annual  
14 expenditure because it's going to vary by a lot of  
15 different factors.

16           Q     Are you familiar with the numbers on a per year  
17 basis?

18           A     No. No. Mr. Johnson really needs to give you  
19 that kind of history.

20           Q     And what is the --

21                     COMMISSIONER GAW: And, Judge, tell me if we get  
22 into the HC.

23                     JUDGE WOODRUFF: Well, I'm sure the parties will  
24 let you know.

25           Q     (By Commissioner Gaw) The expenditures that are

1 contemplated in the next -- in the two years of this plan?

2 A Well, the expenditures contemplated in the plan  
3 are at least 100 percent of the support that will be  
4 available to the company.

5 Q That doesn't tell me anything, sir.

6 A Okay. I'm sorry.

7 Q You could -- you could have spent -- you could  
8 have already in the past have been spending that level of  
9 money and just convert the -- just -- just promise me that  
10 you're going to spend the new money on things that you  
11 would have otherwise -- that the company would have  
12 otherwise expended.

13 A Okay.

14 Q So I'm interested in understanding the  
15 comparison here specifically with -- with what's been done  
16 historically. But to the extent that you can tell me,  
17 what is it that is contemplated to be spent in amount in  
18 the -- in that two-year plan?

19 A Okay. That's not confidential. That, I  
20 believe, is approximately \$22 million.

21 Q Per year or over two years?

22 A Over the two years.

23 Q And -- and that is to be -- and the expenditures  
24 are to be made on what?

25 A Upon the -- the -- the chart that's here. And I



1 can't remember -- it's Exhibit A, I believe, to the  
2 supplemental filing.

3 Q Okay.

4 A Shows an overlay of where the new cell sites are  
5 that would expand an increase coverage in capacity  
6 throughout the state.

7 Q Thank you for adjusting that because I wasn't  
8 able to see it from my vantage.

9 A And there are -- there are currently 39  
10 additional sites that would be made possible by the  
11 support if it -- if and when it becomes available over  
12 that two-year period.

13 Obviously, this is just Phase 1. And beyond  
14 that, the next support would -- would allow further  
15 build-out.

16 Q Okay. I'm looking at this -- at this map up  
17 here, and I'm -- and I see different colorations, which  
18 I'm sure have been explained earlier on the record. This  
19 is a map that has a P at the bottom; is that correct?

20 A Yes.

21 COMMISSIONER GAW: Judge, what is that? Is that  
22 an exhibit?

23 JUDGE WOODRUFF: It's proprietary.

24 COMMISSIONER GAW: No. Is there an exhibit  
25 number?

1           JUDGE WOODRUFF: Yes. It's Appendix A, which is  
2 an attachment to one of the witnesses's earlier testimony.  
3 I believe Appendix 5, which is the smaller map on the  
4 floor behind that actually shows the -- the new towers  
5 separately; is that correct?

6           MR. LAFURIA: Yes, sir.

7           A     Yes.

8           Q     (By Commissioner Gaw) Okay. So tell me what  
9 the difference is between Appendix 5 and -- what was the  
10 other one? Appendix --

11          MR. LAFURIA: Exhibit A. I think it's Exhibit A  
12 to the compliance filing.

13          JUDGE WOODRUFF: Okay.

14          A     Right. Yeah. What you have -- I'll try to  
15 describe it as Mr. LaFuria holds it up.

16          Q     (By Commissioner Gaw) Yes. If you would,  
17 please, for the record.

18          A     The underlying chart is a propagation analysis  
19 that is a -- based on the results of a mathematical  
20 modeling tool and some actual drive surveys throughout the  
21 area, the extent of the current reach of the company's  
22 network throughout those areas.

23          Q     Okay. And that --

24          A     What you see --

25          Q     And there is a plastic overlay over the top of

1 that, correct?

2 A That's right.

3 Q And the overlay shows what?

4 A The overlay shows the 39 sites that are on  
5 Exhibit 5. And by overlaying those on the existing  
6 coverage, you can see the incremental difference or at  
7 least a good idea -- and part of the problem is this is a  
8 map that's scaled to show the entire state, so there's  
9 some detail that you -- that you lose.

10 But you can get a good idea of how these 39  
11 sites will extend the coverage, extend the capacity,  
12 extend the quality over a lot of these rural areas.

13 Q What is the -- what's the coloration difference  
14 there?

15 A The darkest green are the areas of current  
16 highest coverage. And I don't know in DBs exactly how  
17 they coded this. But where you see the darkest green is  
18 the best coverage.

19 Q Okay.

20 A As you move out to kind of the magenta color,  
21 it's less -- lower quality service. And then as you move  
22 out to a white color, it's sporadic or no coverage.

23 MR. LAFURIA: Commissioner, I don't want to  
24 interrupt your train, but it's just we do have a technical  
25 witness how is an engineer who is responsible for that

1 that can give you probably more crisp answers to those  
2 kinds of questions.

3 COMMISSIONER GAW: That's fine. I'm not going  
4 very far with this right now.

5 Q (By Commissioner Gaw) In -- in regard to the  
6 issue of -- of the expenditures, then, would you say that  
7 nearly all of that 22 million is being spent on these 39  
8 additional towers?

9 A Yeah. I -- I believe it is -- based on the  
10 company's forecast, it will require the 22 million to  
11 build these 39.

12 Q Okay.

13 A Obviously, if there's funds available, they can  
14 -- they'll -- they'll make additional expenditures and  
15 come and show you what those are.

16 Q Now, again, this is probably something for the  
17 engineer, but do you -- when the tower is put up, is that  
18 a tower that's exclusive to U.S. Cellular, or are there  
19 other users of that -- of those towers when they're built?

20 A There may be other users. And U.S. Cellular may  
21 be putting its antennae on an existing structure rather  
22 than on its own tower. But Mr. Johnson can give you the  
23 details.

24 Q Okay. And how many towers currently does U.S.  
25 Cellular have antenna on in -- in Missouri? Do you know

1 that?

2 A I -- Mr. Johnson will have to tell you that.

3 I --

4 Q Okay.

5 A -- don't know.

6 Q Any other changes -- or expenditures that you  
7 know of that's contemplated in regard to the -- to this 22  
8 million other than the tower additions?

9 A Those site additions are what will consume --  
10 what's expected to consume the 22 million. Now, the  
11 company has some additional projects that if the funds are  
12 available, they could continue to proceed without any  
13 delay.

14 So if, for example, the projected average  
15 expenditure on these turns out to be a little lower, in  
16 terms of actuals, then they could go and they may not be  
17 limited to 39. They may be able to go to 40 or 41 based  
18 on that 22 million.

19 But, obviously, they have to come in at the end  
20 of the year and show you how they spent every penny of the  
21 22 million.

22 Q The 22 million is what's anticipated if USF  
23 designation is given?

24 A That's right. That's based on what USAC, the  
25 Universal Service Administration Company, is showing based

1 on the line count.

2 Q How is this expansion likely to effect --  
3 affect, excuse me, the customer base of U.S. Cellular?

4 A Well, I -- I would think that it's the company's  
5 hope that it will expand it in a couple of ways. First of  
6 all, it's -- it's covering areas that it didn't cover  
7 before.

8 It's also, as the entire network grows, you  
9 know, there's an incremental benefit to all of its  
10 subscribers in terms of more seamless broader coverage  
11 which will make its service more desirable. So they're  
12 expecting an increase in customer base, certainly.

13 Q Okay. Now, is there any of this area that U.S.  
14 Cellular has on the map that we're discussing that is not  
15 covered by a land line company or more than one land line  
16 company?

17 A Well, I guess there's a couple answers. And I  
18 don't want to be evasive. I don't know to give you --

19 Q That's all right. If I feel like I need to  
20 follow up, I will.

21 A Okay. Please do. As far as a licensed  
22 certificated area, I believe the answer is none. All of  
23 -- all of it is the licensed area of -- of a wire line  
24 company.

25 The problem with comparing this to wire line

1 coverage is that the use of a wire line phone is limited  
2 to someone who is physically at the end of a -- at the end  
3 of a wire.

4           So if you wanted to look at wire line coverage  
5 literally and compare it with this coverage literally,  
6 you'd have a map with lots of little tiny dots. You  
7 wouldn't properly fill in the entire area.

8           Q     Okay.

9           A     So you'd have less coverage than this. But as  
10 far as underlying this area, is there a certificated wire  
11 line company? I believe in all this area that there is.

12          Q     Okay. Now, let me expand this universe just a  
13 little bit. If I were to look at the coverage of other  
14 wireless -- wireless carriers, how would that look in  
15 comparison to the coverage that U.S. Cellular is -- is  
16 showing on this map in front of us?

17          A     There are going to be some areas that are  
18 covered by -- covered fairly well by more than one  
19 carrier.

20          Q     Yes.

21          A     There's -- you know, the St. Louis area has very  
22 dark green over there. And, obviously, that's pretty well  
23 covered by a lot of different carriers. They're going to  
24 be at the opposite extreme in some areas that may have  
25 little or no coverage by any wireless carrier as far as

1 any reliable service in some of these white areas.  
2 There's going to be some different combinations in the  
3 middle where you've got varying degrees of overlap and  
4 varying degrees of service quality in a given area. It's  
5 going to go across the board.

6 Q Okay. Is -- have you seen maps that show that  
7 coverage from other carriers?

8 A I -- I haven't -- it's a little tricky because  
9 if you just -- if you go to another carrier's web site and  
10 look at that map there, they're going to show a much  
11 larger area than this. They're going to show a market  
12 area where they're offering subscribing service.

13 Q Okay.

14 A But it won't be the equivalent of this  
15 propagation analysis. It will be -- it will show a much  
16 broader area than they're actually serving on a technical  
17 basis like this.

18 Q So if I go to a -- to a web site from another  
19 carrier that actually has shadings of service from  
20 different -- different colors, you're telling me that that  
21 is not anything similar to what you're showing me up on  
22 this map?

23 A That's correct. And, in fact, in other cases  
24 like this, we've found some examples of -- you know, if  
25 you look on the web site and you'd see a carrier, I would



1 -- I can't remember which one it was, that showed broad  
2 coverage in another state. And there was the argument,  
3 Well, we don't need a second carrier coming in.

4 Well, when we actually looked at that time, that  
5 carrier's map was based on where it had roaming  
6 agreements, and it didn't actually have network facilities  
7 in any of that area.

8 Q Okay.

9 A It was relying on another carrier. So you may  
10 have multiple carriers showing on a web site that they can  
11 offer a retail service, but there could be only one  
12 underlying network that it carries the roaming on.

13 So you really have to get to this kind of  
14 technical analysis. And this is something that the  
15 carriers hold pretty close as far as this type of  
16 technical network propagation, so it's not really a public  
17 source for something like this that I know of.

18 Q Why is it important to know whether or not the  
19 underlying network is owned by the carrier that is selling  
20 the product, by the way?

21 A Well, if you've got an -- an arrangement, as I  
22 understand some of the ILECs are making in this case that  
23 this designation is somehow not needed because there's  
24 already some coverage by some number of carriers --

25 Q Yes.

1           A     -- it may be, in fact, that the coverage that  
2 they're pointing to and relying on are other carriers  
3 roaming on the existing U.S. Cellular network, for  
4 example.

5                     There may not be -- there could be six carriers  
6 offering a service but only one underlying carrier  
7 providing service in any of these given areas. So, you  
8 know, the argument that there are already two providers,  
9 for example, we don't need a third, you have to see the  
10 underlying network to reach that the conclusion. You  
11 can't just look at the company's marketing materials to do  
12 that.

13           Q     And, again, tell me how that matters to the end  
14 user. If they have multiple choices on carriers to select  
15 that provide service in an area or coverage, antenna  
16 coverage? In a -- in a particular area tower coverage  
17 area, I should say.

18           A     Right. I think there's two implications for the  
19 end user. One is, with this map, you get an idea of where  
20 they can really viably use their phone reliably. With  
21 that kinds of marketing map, you don't get that  
22 information. You get -- it's kind of a hopeful map. It's  
23 not a real map.

24                     The other thing that -- that may come into play  
25 and certainly does come into play for customers is the

1 means by which these carriers offer nine -- enhanced 911  
2 service because you've got some other network platforms  
3 being used by other carriers in the state, GSM, for  
4 example, that can't identify the exact location of the  
5 customer's handset in a 911 call.

6           They can triangulate from one site -- from  
7 different cell sites and they can get a -- a broad idea,  
8 but they can't nail it to where the person is actually  
9 standing.

10           U.S. Cellular's network technology allows them  
11 to locate that customer on a GPS basis. I think the  
12 stated error rate is like within a hundred meters. So  
13 that's a -- that's a level of precision for 911 with this  
14 network that the customer could not get being served by a  
15 different network even if they were both technically  
16 served in the same area.

17           Q     And is -- I guess I can ask the others whether  
18 or not there's testimony regarding -- regarding the  
19 differences in networks that might be -- that might help  
20 me with understanding how that relates to this coverage  
21 area on the map. Unless you could do that. Can you do  
22 that?

23           A     I can do a bit of it, and then you need to ask  
24 Mr. Johnson because he probably knows also what some other  
25 carriers are doing.

1 Q Yes.

2 A What you can see on the map without the overlay,  
3 so, for example, on this 911 issue, is locations today  
4 where a customer can make an E-911 call and their location  
5 could be identified very precisely.

6 Q Okay.

7 A With the overlay, you see the additional areas  
8 where over the next two years, a customer will be able to  
9 have that 911 capability where they don't have it today.

10 And then, you know, the next two-year plan will  
11 -- will have additional areas, and they'll accumulate with  
12 additional overlays as you do this thing over time. That  
13 shows you at least in terms of that specific capability  
14 where they will be able to do it that they can't -- they  
15 don't have that capability today.

16 Q With U.S. Cellular, is all of area in a position  
17 to where 911 would -- would work and pinpoint someone's  
18 exact location?

19 A If that area is the --

20 Q On the plan.

21 A The shaded area?

22 Q Yes.

23 A It's my understanding the answer to that  
24 question is yes.

25 Q And what is the technology that U.S. Cellular

1 uses again?

2 A I'm going to say the wrong one. I'm going to  
3 say C instead of T or T instead of C. Which one I am  
4 supposed to?

5 MR. LAFURIA: Again, if Mr. Johnson gets up  
6 here, he has all the answers.

7 COMMISSIONER GAW: If the witness doesn't know,  
8 we can ask him.

9 MR. LAFURIA: I don't want to testify.

10 Q (By Commissioner Gaw) So you don't know what  
11 the technology is?

12 A I'm going to let Mr. Johnson tell you exactly  
13 what that is.

14 Q Sure. And your testimony is that you -- the GSM  
15 system does not have GPS technology in concert with it?

16 A That's -- the customer location capability for  
17 911 is with a triangulation algorithm where you locate  
18 with multiple sites the direction of that customer, you  
19 know he, where that signal is coming from and then  
20 triangulate and draw the lines, and you can narrow it  
21 down, but you can't narrow it down to GPS type precision  
22 of where the person is actually standing.

23 COMMISSIONER GAW: Okay. All right. I think  
24 I'll pass for now and visit with the other two witnesses  
25 in a minute -- or later.

1 JUDGE WOODRUFF: All right. Commissioner  
2 Clayton, do you have any questions?

3 COMMISSIONER CLAYTON: I don't have any  
4 questions.

5 JUDGE WOODRUFF: All right. Let's got to  
6 recross, then, based on Commissioner questions beginning  
7 Public Counsel.

8 MR. DANDINO: No questions, your Honor. Thank  
9 you.

10 JUDGE WOODRUFF: Staff?

11 MR. HAAS: No questions, your Honor.

12 JUDGE WOODRUFF: CenturyTel?

13 MR. STEWART: No questions. Thank you.

14 JUDGE WOODRUFF: Small Telephone Group?

15 MR. ENGLAND: No, thank you.

16 JUDGE WOODRUFF: AT&T?

17 MR. GRYZMALA: No questions, your Honor.

18 JUDGE WOODRUFF: Any redirect?

19 MR. LAFURIA: Thank you, your Honor.

20 Commissioner Murray, I want to thank you for your  
21 questions. You have knocked off a whole lot of what I had  
22 on redirect.

23 REDIRECT EXAMINATION

24 BY MR. LAFURIA:

25 Q Please bear with me for a second. Mr. Wood, you

1 were asked on cross about whether U.S. Cellular gets  
2 support in non-rural areas, that is, areas served by the  
3 non-rural carrier, AT&T, correct?

4 A Yes.

5 Q And I want to focus not on downtown St. Louis  
6 because I think everybody's in agreement that that's, as  
7 we all know it, a non-rural area, an urbanized area. I  
8 want to focus on the wire centers that AT&T has out in  
9 rural areas of the state as we traditionally know a rural  
10 area.

11 A Sure.

12 Q Because I think that's really what this is all  
13 about. If U.S. Cellular serves a customer out in that  
14 rural area and it's an AT&T wire center, currently, it  
15 gets no support, correct?

16 A That's correct.

17 Q Okay. Yet, that wire center may be very well  
18 high cost for that U.S. Cellular to construct; is that  
19 correct?

20 A It may be very high cost for U.S. Cellular and  
21 for SBC.

22 Q In your view, did SBC -- or I'm sorry -- AT&T.  
23 In your view, did AT&T get support to build out that  
24 network when it built it out?

25 A Well, as far as the initial investment goes, it

1 certainly received -- prior to USF, it received access  
2 charges. And prior to that is -- prior to the AT&T  
3 breakup, there were pooling arrangements at toll subsidies  
4 and the like. So there were implicit subsidies in place  
5 though there weren't explicit subsidies yet.

6 Q And I know this is an area where you're an  
7 expert on, and I'm not, but do you believe today that AT&T  
8 continues to get implicit support for its high cost areas?

9 A If there's a complete movement of access charges  
10 to cost, then that implicit support will have been  
11 eliminated. And, of course, they received it while they  
12 were doing the network build-out. So having it eliminated  
13 after the build-out is obviously not very painful compared  
14 to not having support when the network build-out was  
15 actually having to take place.

16 Q In terms of the competitive advantage that was  
17 discussed in your cross-examination, do you think that  
18 it's a competitive advantage for AT&T to have had support  
19 when it built out and for U.S. Cellular to now use support  
20 to build out in that area?

21 A No. I think that the balance still kind of tips  
22 in AT&T -- SBC's -- I can't quite say AT&T. I'm sorry.  
23 SBC's favor. But, you know, certainly, these things that  
24 -- they offset each other slightly.

25 But, you know, the advantage went to SBC for a



1 very long period of time. So I -- I think it still tilts  
2 in their favor quite a bit.

3 Q When U.S. Cellular has a customer that has a  
4 billing address in downtown St. Louis, I think we  
5 established on cross, they don't get support from that  
6 customer, correct?

7 A That's correct.

8 Q And if that customer is a salesman, let's say,  
9 who travels predominantly throughout the area, areas  
10 served by rural tel cos which are very high cost areas and  
11 use their phone, does U.S. Cellular get support for that  
12 customer's use?

13 A No, they don't, even though it's being -- it's  
14 occurring in a high cost area.

15 Q So in terms of the billing address, is it fair  
16 to say this kind of goes both ways and that's just the way  
17 the rule is?

18 A Well, it's definitely the way the rule is. And  
19 the question certainly of what the billing address is in  
20 the rural area but the phone was used in St. Louis.  
21 That's possible.

22 If you go and look at the scenario, it actually  
23 works the other way much more often. It's much more  
24 likely for the billing address to be in the more urbanized  
25 area but for the phone's use to occur over the broader

1 area. And that's simply, if for nothing else, the urban  
2 areas are smaller than the rural areas. The phone line  
3 can work against allowing a carrier like U.S. Cellular,  
4 but it's -- it's what the rule is as a practical matter as  
5 far as customer locations.

6 Q You were asked briefly about the four cell sites  
7 which U.S. Cellular billed. Can you just give us your  
8 thoughts briefly on what you -- what you think the effects  
9 would be if the Commission had a rule that would not allow  
10 a carrier to move a site off the list sometime during that  
11 two-year period if the 39 sites they propose today were  
12 locked in for two years?

13 A Yeah. I -- I think that lock-in would -- would  
14 not serve customers well at all. I mean, you could have  
15 -- you could have a situation where a site might become  
16 feasible through internal funds and yet the -- if the  
17 company had the ability, they could take that site off the  
18 USF list, fund it themselves and add a new site to the USF  
19 list that couldn't have been built otherwise.

20 That capability would be gone. When you lock  
21 these things in, you certainly want to review them very  
22 carefully every year as they've occurred. But when you  
23 lock them in, you take away the company's ability to  
24 respond to what the customer needs are.

25 You eliminate some of the company's ability to

1 actually expand the network further and faster than it  
2 could do otherwise.

3 Q When the ILECs build out their networks in this  
4 state, do they have a deadline of two years within which  
5 to complete construction throughout the state?

6 A No.

7 Q I think you were asked a question about the  
8 point of designating more than one carrier in a particular  
9 area as an ETC. Can you please explain how the universal  
10 service system, the per line mechanism for competitors,  
11 specifically, doesn't pro -- provides a -- an effective  
12 cap on the amount of support available in any one area for  
13 competitors?

14 A Well --

15 MR. ENGLAND: Excuse me. I think I've got an  
16 objection. I don't recall any line of questioning about  
17 multiple support payments to competitive ETCs.

18 MR. LAFURIA: Your Honor, I believe there was  
19 one question from the back, and I don't remember which --  
20 which attorney it came from, that talked about multiple  
21 ETCs in an area, and I believe there was also one question  
22 from the Bench from one of the Commissioners about  
23 designating multiple ETCs in an area and why that may or  
24 may not be in the public interest.

25 JUDGE WOODRUFF: I don't recall specifically

1 with this witness either. But we'll -- I'll overrule the  
2 objection and allow you to go forward.

3 Q (By Mr. LaFuria) Okay. Did you need the  
4 question read back?

5 A No. I -- I think the answer is pretty quick and  
6 pretty straightforward. You know, where you have the  
7 ILECs being funded on a network basis, if you were to  
8 overlay two of them in a given area, you'd be funding two  
9 networks. And that would -- would, in fact, be pretty  
10 inefficient.

11 But CETCs, as they build out across an area,  
12 aren't assured of any funding simply because they've built  
13 a network in that area which is a difference in the rules.  
14 They're -- only can receive support if they subscribe --  
15 have a customer subscribe to their service and serve that  
16 customer.

17 So if you were to have two carriers in the same  
18 area as CETCs. And you had one customer subscribing to  
19 each versus two customers subscribing to one of those  
20 carriers, the amount of support to the area would be  
21 exactly the same. The amount of draw from the fund would  
22 be exactly the same. It's on a per line basis.

23 So having a multiple CETC doesn't -- doesn't  
24 accumulate the funding the way that having multiple wire  
25 line carriers would do.

1           Q     As a policy matter, can you explain why it may  
2 not be important for this Commission to have or establish  
3 a baseline amount spending for U.S. Cellular over a  
4 historical period in order for it to be able to  
5 effectively demonstrate that its investments going forward  
6 are being made on an incremental basis, that is, they are  
7 true -- they are truly, but for investments?

8           MR. ENGLAND:  Objection, your Honor.  This is  
9 clearly outside the scope of cross-examination, and he's  
10 just asking him to reiterate some of the testimony as far  
11 as --

12           JUDGE WOODRUFF:  I'm going to overrule that  
13 because I believe it's precisely what Commissioner Gaw was  
14 -- was asking questions about.

15           MR. LAFURIA:  Thank you, your Honor.

16           JUDGE WOODRUFF:  The objection is overruled.

17           A     I'm sorry.  Can we re -- yeah.  Just real quick.

18           Q     (By Mr. LaFuria)  Let me try it again.  It's a  
19 policy question.  Can you -- can you state why it may not  
20 be important for this Commission to establish a his -- an  
21 historical investment baseline over any number of years  
22 for an ETC in order to be able to demonstrate to this  
23 Commission each year that its investments that it has made  
24 are, in fact, incremental, that is, over and above what it  
25 otherwise would have done?

1           A     Sure. I mean, part policy answer and part  
2 practical answer because there -- you know, there's --  
3 this idea that there's some kind of constant baseline  
4 expenditures over time that remain relatively constant is  
5 not at all true.

6                     Mr. Johnson described that, the availability of  
7 internal capital, the needs, all of those things, it  
8 causes it to fluctuate over at a pretty wide range. The  
9 practical reason is that, you know, we're focusing a whole  
10 lot on this upfront progression.

11                    And, certainly, that's something the Commission  
12 should want to look at. But these are all projections.  
13 The real numbers, the actual data becomes available for  
14 each year's annual review. And the Commission then has  
15 the opportunity to see exactly what was in the internal  
16 budget, what was used for support, how much support was  
17 received, exactly where it was spent, exactly what each  
18 one of these projects actually cost.

19                    You know, second and apart from what we can all  
20 guess it's going to be upfront, you know, we can see after  
21 the fact is exactly what it has been on an annual basis.  
22 If the company can't demonstrate that use of support for  
23 those intended uses based on the actual numbers at the end  
24 of that year, then the Commission could not certify them  
25 as an ETC for the next year.

1 Q Are you aware of the FCC or any other State  
2 Commissions who have designated -- I'm sorry. Let me --  
3 let me start over.

4 Approximately how many state and FCC ETC  
5 designation proceedings have you participated in in some  
6 way?

7 A Between 25 and 30.

8 Q Okay. And have you reviewed decisions of states  
9 in which you didn't participate in?

10 A Yes, I have.

11 Q Have the FCC -- to your knowledge, has the FCC  
12 or any other state established a requirement that there be  
13 some kind of a baseline from which a carrier has to spend  
14 over a certain amount in future years with support?

15 A No, sir.

16 MR. LAFURIA: That's all I have, your Honor.  
17 Anything else I would have would probably be in redirect  
18 towards the -- for Mr. Johnson based on Commissioner Gaw's  
19 questions. Thank you.

20 JUDGE WOODRUFF: Thank you. You can step down,  
21 Mr. Wood.

22 MR. WOOD: Thank you.

23 JUDGE WOODRUFF: Commissioner Gaw, did you wish  
24 to recall Mr. Johnson at this point?

25 COMMISSIONER GAW: It's whatever you want to do,

1 Judge, with the schedule.

2 JUDGE WOODRUFF: Well, this would be the -- the  
3 last witness for the -- for U.S. Cellular. So if you're  
4 going to recall him, this would be the time to do it.

5 COMMISSIONER GAW: Okay. And if he doesn't have  
6 the answers, there's another witness I could --

7 JUDGE WOODRUFF: There's -- Mr. Nick Wright was  
8 the other witness. At this time, we'll recall  
9 Mr. Johnson, and he is coming forward, it looks like.  
10 Mr. Johnson, you were sworn earlier, so you're still under  
11 oath.

12 MR. JOHNSON: Okay.

13 JUDGE WOODRUFF: Commissioner Gaw, you can go  
14 ahead and ask your questions.

15 CROSS-EXAMINATION OF ALAN JOHNSON

16 BY COMMISSIONER GAW:

17 Q Mr. Johnson, how long have you been with the  
18 company?

19 A Four years.

20 Q Four years. And where were you before that?

21 A Verizon Wireless.

22 Q Okay. And are you familiar with the  
23 expenditures of the company on new infrastructure for the  
24 last ten years or so?

25 A Not the last ten years.



1 Q How far back can you go? Just four?

2 A Perhaps four or five.

3 Q Okay. And can you tell me -- and if it's HC,  
4 please, somebody say something. Can you tell me what the  
5 amount is that's -- that's been expended on new  
6 infrastructure over that period of time on an annual  
7 basis?

8 MR. LAFURIA: Commissioner, if he has the  
9 answer, it would be HC.

10 COMMISSIONER GAW: Okay.

11 JUDGE WOODRUFF: Do you want to go in-camera at  
12 this point?

13 COMMISSIONER GAW: That's fine.

14 JUDGE WOODRUFF: At this time, we will go  
15 in-camera.

16 MR. LAFURIA: I'm sorry, your Honor. Before we  
17 do that, maybe it would be good to find out if he can  
18 answer.

19 JUDGE WOODRUFF: Okay. Can you answer?

20 A Yeah. I can answer at least partially.

21 JUDGE WOODRUFF: All right. We will go  
22 in-camera, then.

23 REPORTER'S NOTE: At this point, an in-camera  
24 session was held, which is contained in Vol. 5, pages 732  
25 through 740.

1 JUDGE WOODRUFF: Okay. We're back in regular  
2 session.

3 COMMISSIONER GAW: Thank you. Thank you, Judge.

4 CONTINUED CROSS-EXAMINATION

5 BY COMMISSIONER GAW:

6 Q (By Commissioner Gaw) Mr. Johnson, we were  
7 visiting earlier, not you and I, but I was visiting with  
8 another witness in regard to this map that's up here in  
9 front of us that has the overlay on it.

10 A Right.

11 Q Can you give me some indication of -- of what  
12 that map represents, just very briefly?

13 A Yeah. That -- the map -- there's two parts to  
14 the Exhibit A. There's the -- the underneath part is the  
15 existing coverage as of June 30th, 2006. And the overlay,  
16 the plastic overlay, is showing the coverage of 39  
17 additional sites that were proposed in the two-year plan.

18 Q Okay. And these those sites that are shown on  
19 this map, that relates to the amounts that U.S. Cellular  
20 would propose to spend in its plan, correct?

21 A Yes.

22 Q It doesn't relate to any additional amounts that  
23 might be contemplated by U.S. Cellular regardless of USF  
24 support?

25 A No. No. Those -- those 39 sites basically will

1 not be built without support.

2 Q Okay. Now, there would be some additional sites  
3 built regardless of support, if I understood you  
4 correctly?

5 A Yes. That is correct.

6 Q Are they -- are they shown on that map in any  
7 way?

8 A No. They are not reflected.

9 Q Is there a map that's been attached to anyone's  
10 testimony that you're aware of that shows that -- that  
11 infrastructure investment?

12 A No.

13 Q Would it be difficult to see that?

14 A It could be produced.

15 Q Okay.

16 COMMISSIONER GAW: Perhaps, Judge, if that's  
17 something that we could see, I -- under whatever  
18 designation that's appropriate for that kind of a --

19 JUDGE WOODRUFF: It would probably be  
20 proprietary again.

21 A I would imagine, yeah.

22 Q (By Commissioner Gaw) Is that map already  
23 basically prepared and something that we could just  
24 receive if someone could get it to us, or does it require  
25 additional work?

1           MR. LAFURIA:  If I could ask just a couple  
2 preliminary questions.  The first one is, are -- the  
3 timing of when those sites gets built depends on when a  
4 designation is made and when support starts flowing.

5           So in other words, what U.S. Cellular builds  
6 otherwise will -- will change depending on when that  
7 starts.  That is, that could be an '07 build.  And if this  
8 case were to go another six months, that could end up  
9 being an '08 build.

10           So I think, you know, if your question is can we  
11 get a set of cell sites that's up for '07, the answer is  
12 sure.  But if the answer is for '08, I think it's still  
13 too far off.  We haven't pegged them, and I just want to  
14 make sure I get you on apples and apples.

15           COMMISSIONER GAW:  It does seem to be the case  
16 that '07's budget has been approved with or without USF if  
17 I understood correctly.

18           MR. LAFURIA:  Right.

19           COMMISSIONER GAW:  So I suspect that '07 would  
20 be what I was looking for.

21           MR. LAFURIA:  We can do that.

22           JUDGE WOODRUFF:  What I'll do is go ahead and  
23 mark that exhibit as No. 34, and you can file it when --  
24 when it's available.  And then I'll give the other parties  
25 a chance to raise any written objections to it that they

1 may have.

2 MR. LAFURIA: If I could just ask one more  
3 follow-up question. I'm sorry. Commissioner, are you  
4 looking for a map -- some of the maps in the various  
5 materials here, some show just the cell sites that are  
6 proposed, and others would show a -- a propagation like a  
7 blob on that map that shows where it's expected to show  
8 coverage. And I just want make sure we get you want you  
9 want.

10 COMMISSIONER GAW: This map, this form that's in  
11 front of us that has the coverage area is the most helpful  
12 to me.

13 MR. LAFURIA: Okay.

14 COMMISSIONER GAW: Along with the particular  
15 cell sites that are proposed. But if that's something  
16 that requires extensive work to -- to get done, it's not  
17 necessary.

18 MR. LAFURIA: Now I'd ask the witness if --  
19 because I don't want to commit to it and have him say, I  
20 can't do it. Alan, can you help us here?

21 A Yeah. If -- there's a couple of caveats, but  
22 based on the 2007 plan that's approved today, we could  
23 generate a map that shows the coverage of all the sites in  
24 our plan through the end of year 2007 and overlay just  
25 like this is the 39 sites that we proposed that would

1 require the support.

2 Q (By Commissioner Gaw) Okay.

3 A Does that --

4 Q I think that --

5 A -- meet your --

6 Q -- would be helpful.

7 A Okay. That can be done.

8 Q Let me ask you a few questions in regard to --  
9 to coverage areas and maps that I was trying to -- to ask  
10 of the other witness.

11 A Right.

12 Q In regard to the 911 question, can you explain  
13 to me how -- what kind of system you have, first of all?

14 A Well, our technology that we use is CDMA.

15 Q All right. Which stands for?

16 A Code Division Multiple Access.

17 Q Does that system have something unique to it or  
18 special about it in regard to E-911 location?

19 A The -- the system that -- that has been adopted  
20 by U.S. Cellular in -- in using the CDMA technology is  
21 global positioning satellite system. So each handset  
22 actually has a chip in it that --

23 Q Yes.

24 A -- is GPS capable.

25 Q All right. Now, is that because of the fact

1 that you use the -- is it CMDA is?

2 A CDMA.

3 Q CDMA?

4 A Not that --

5 Q Or is it because you have the additional chip in  
6 the phones?

7 A The chip in the phone is the -- is the unique  
8 piece.

9 Q So it -- a GMS system or GSM -- which is it?

10 A GSM.

11 Q GSM system has the same potential capability,  
12 does it not?

13 A There are -- and I'm out of my realm when it  
14 gets to GSM, but there are technical -- technical issues  
15 with doing that -- that same kind of system.

16 CDMA has lended itself more easily to use the  
17 GPS. But GSM, by necessity, has had to use a  
18 triangulation method.

19 Q Do you -- do you know whether or not GPS is  
20 compatible in a GSM system?

21 A Pardon? GPS?

22 Q Yes.

23 A No, I don't know for a fact.

24 Q Okay. Now, do you know whether -- what other  
25 carriers there are in wireless carriers in this area

1 that's shown on the map as being coverage area of U.S.  
2 Cellular?

3 A One of the primary ones is Verizon Wireless.  
4 Cingular is in many of the areas. Alltel is in a few of  
5 the areas. Sprint covers various areas there as well.

6 Q All right. Any others?

7 A There -- there are others which are -- they're  
8 small ones like Chariton Valley or Missouri 5, Northwest  
9 Cellular. I don't know all of them, but there are quite a  
10 number.

11 Q Okay. Now, is there something that U.S.  
12 Cellular is -- is offering in regard to access in these  
13 areas that these other carriers do not offer when the --  
14 when they cover -- or overlap into some of your area?

15 A I want to make sure I understand.

16 Q Well, it's a very broad question. So --

17 A Right.

18 Q We -- we mentioned that the -- the possibility  
19 that maybe there might be some -- some E-911 issues. I'm  
20 not totally clear on the -- if you know, about those other  
21 carriers in regard to E-911 status, if that would be one  
22 area that I would be interested in?

23 A We are capable -- U.S. Cellular is capable of  
24 Phase 2 E-911, which is the -- the location that's --  
25 Phase 2, the requirements are to be able to transmit the



1 location rather than an address. And U.S. Cellular is  
2 capable of that today if the PSAPs capable of receiving  
3 that information. So everywhere we're -- where we are,  
4 where we provide signal, we're capable of transmitting  
5 that location.

6 Q Okay. And the other carriers?

7 A I can't really comment on -- on where the other  
8 carriers are. I don't know specifically. Some carriers,  
9 Cingular, for example, uses GSM technology. I know they  
10 do not use a GPS. Chariton Valley is one we talked about  
11 specifically that doesn't use that GPS technology. They  
12 use a triangulation method.

13 Q Okay. You don't know about the other carriers  
14 that you mentioned one way or the other?

15 A Not -- not specifically, no.

16 Q There was some discussion regarding compensation  
17 for those other carriers by the -- with the earlier  
18 witness. Are you familiar with -- with what occurs in  
19 regard to compensation of other carriers on USF funding?

20 A No. I'm not really familiar with that area.

21 COMMISSIONER GAW: All right. I think that's  
22 all. Thank you, Mr. Johnson. Thank you, Judge.

23 MR. JOHNSON: Thank you.

24 JUDGE WOODRUFF: Thank you, Mr. Johnson. Any  
25 recross based on those questions from Commissioner Gaw?

1 MR. DANDINO: No questions, your Honor.

2 JUDGE WOODRUFF: Yes. Mr. England, go ahead.

3 Or did Staff have anything?

4 MR. HAAS: No questions, your Honor.

5 JUDGE WOODRUFF: All right. I didn't want to go  
6 out of order. Go ahead, Mr. England.

7 MR. ENGLAND: Thank you.

8 RE CROSS EXAMINATION

9 BY MR. ENGLAND:

10 Q Hello again, Mr. Johnson.

11 A Hello.

12 Q Excuse me. I've got a -- something in my  
13 throat. I don't want to get into the specific budget  
14 amounts, but you gave in response to some questioning from  
15 Commissioner Gaw specific budget amounts for the years  
16 2003, four, five, six, seven, and I don't think you went  
17 beyond 2007, did you?

18 A No.

19 Q And you identified those as amounts spent in  
20 rural areas of Missouri, not St. Louis, but perhaps  
21 excluding Joplin; is that right?

22 A Yes.

23 MR. ENGLAND: With the hearing examiner -- or  
24 excuse me -- the Law Judge's permission, I'd like the  
25 witness to read from a prior -- from a transcript in the

1 prior proceeding.

2 JUDGE WOODRUFF: Go right ahead.

3 MR. ENGLAND: Beginning on page 162 carrying  
4 over to 163. And I'll give you the line here in a minute.  
5 This is my cross-examination of U.S. Cellular witness,  
6 Mr. Wright.

7 JUDGE WOODRUFF: Okay.

8 Q (By Mr. England) Mr. Johnson, would you begin  
9 with the very last line on page 162 and read through line  
10 19 on page 163?

11 A You want me to read it aloud?

12 Q Yes. I'm sorry. Go ahead.

13 A Okay. Would you agree with -- I believe it was  
14 Mr. Lowell's testimony that U.S. Cellular does not compile  
15 or maintain historical capital expenditures by state.

16 How far did you want to go?

17 Q Down to line 19.

18 A I'm sorry. 19. "That's correct. And is it  
19 fair to say that U.S. Cellular does not compile or  
20 maintain that historical data by wire center within that  
21 state? To my knowledge, no. No. This is -- that is a  
22 correct statement or that is an incorrect statement? We  
23 do not have those numbers by wire center. And with  
24 respect to capital budgeting, it is -- is it also my  
25 understanding -- is it also your understanding that U.S.

1 Cellular does not compile or maintain capital budgets for  
2 its Missouri operations? Not -- no, we do not. And that  
3 would be the same for wire centers within Missouri?  
4 That's correct."

5 Q Thank you, Mr. Johnson.

6 A Yes.

7 Q So based on the testimony of Mr. Wright and  
8 Mr. Lowell in the prior proceeding, your company doesn't  
9 maintain amounts spent in Missouri on a historical basis,  
10 correct?

11 A The -- the way --

12 Q It's an easy yes or no answer.

13 A The specific state, no.

14 Q Okay. Nor does it maintain that information on  
15 wire center, which would allow you to break it out between  
16 the St. Louis market and the rural market, correct?

17 A No, we do not.

18 Q And you didn't budget, according to Mr. Wright  
19 and Mr. Lowell's testimony in the prior proceeding,  
20 correct, for Missouri?

21 A By state.

22 Q Or by wire center?

23 A Or by wire center no.

24 Q I guess the question is, how did you come up  
25 with these numbers in answer to Commissioner Gaw's

1 questions?

2           A     As I -- as I mentioned in -- for Mr. Gaw to  
3 ensure that we were clear is we -- we use markets. These  
4 markets do not represent the state of Missouri. There's  
5 obviously other parts of -- of the state of Missouri that  
6 I -- that I specifically said were not included.

7                     And so there's -- there's really no budgeting,  
8 no -- no historical data by state, but we do have it by  
9 market. So given -- given the question, I wanted to give  
10 some information on a market level that was -- that was  
11 specific to the ETC, the 39 sites that -- that we have  
12 proposed.

13           Q     With the exception of the Joplin area, what  
14 other areas are you not giving Mr. -- Commissioner Gaw --

15           A     St. Louis.

16           Q     -- information? Well, I'm sorry. I knew that.  
17 Okay. With respect to St. Louis and Joplin.

18           A     That -- that's it.

19           Q     So, in essence, you were giving him a pretty  
20 good picture of what you're spending historically and what  
21 you're budgeting for Missouri operations exclusive of St.  
22 Louis and Joplin, correct?

23           A     Yes.

24           Q     But you didn't feel compelled to provide that in  
25 response to data requests in this phase of the proceeding

1 either, correct?

2 A I don't recall a specific request for that.

3 Q Have you -- I think you've reviewed  
4 Mr. Schoonmaker's testimony. You told me that earlier,  
5 correct?

6 A I definitely looked at it, but I don't recall  
7 that request.

8 Q Well, did you happen to see the data requests  
9 that were attached to his testimony where we asked for  
10 that specific information and was told it was not  
11 available?

12 A It was requested by state perhaps, which is the  
13 correct -- the correct answer is we don't do it by state.

14 MR. ENGLAND: Thank you. Sir. No other  
15 questions.

16 JUDGE WOODRUFF: Any other recross? Any  
17 redirect?

18 MR. LAFURIA: Yes, your Honor, just a couple.  
19 Commissioner Gaw, I'm going to skip over questions dealing  
20 with E-911, and I'm going to ask, if you don't mind,  
21 please look at the transcript of the testimony from  
22 earlier today, only because I did a substantial amount of  
23 redirect with this witness on that, and a lot of the very  
24 fine points of what you asked came out. I don't want to  
25 burden the record and go through it again.

1                   COMMISSIONER GAW: Thank you.

2                                   REDIRECT EXAMINATION

3 BY MR. LAFURIA:

4           Q     Mr. Johnson, when U.S. Cellular is not  
5 designated as an ETC and a customer in one of these areas  
6 where you serve comes to you and they're in an area where  
7 they might not get good service, let's say, and they're  
8 dissatisfied, do you know whether the company has any  
9 additional legal obligation to provide them service?

10          A     No.

11          Q     I'm sorry. You don't know or --

12          A     No. They -- they don't have addition.

13          Q     Okay. If U.S. Cellular's designated in this  
14 proceeding, however, throughout this area and customers  
15 come forward and they request service, do you then have an  
16 additional carrier of resort type of obligation?

17          A     Yes. There's a six-step process that -- that  
18 being an ETC designated carrier, we would have to follow  
19 that process.

20          Q     So despite the fact that in some of these areas  
21 there might be another carrier out there offering service,  
22 in fact, you'll be offering the customer something more  
23 than what they could get from those other carriers. Is  
24 that a fair statement?

25          A     Yeah. I'd say that's a fair statement.

1 MR. LAFURIA: That's all I have, your Honor.

2 JUDGE WOODRUFF: All right. Thank you. Then  
3 you can step down.

4 MR. JOHNSON: Thank you.

5 JUDGE WOODRUFF: Commissioners Gaw and Clayton,  
6 do you have any other questions for U.S. Cellular  
7 witnesses?

8 COMMISSIONER GAW: Yeah. The other -- the other  
9 witness.

10 JUDGE WOODRUFF: Mr. Wright?

11 COMMISSIONER GAW: Yes. Just briefly, I think.

12 JUDGE WOODRUFF: Mr. Wright, if you'd come  
13 forward. Let's -- let's take a break for about five  
14 minutes so the court reporter can deal with some matters.  
15 All right. Well, we'll take a -- she just needs to make  
16 a phone call to pick up her kids.

17 COMMISSIONER GAW: Me, too.

18 JUDGE WOODRUFF: We'll come back in about five  
19 minutes.

20 (Break in proceedings.)

21 JUDGE WOODRUFF: Let's go back on the record,  
22 please. Mr. Wright, if you'd come forward. He's making  
23 his way through the crowd here. All right. You were  
24 sworn previously, and I'll let the Commissioner Gaw ask  
25 his questions.



1 CROSS-EXAMINATION OF NICK WRIGHT

2 BY COMMISSIONER GAW:

3 Q Good afternoon, Mr. Wright.

4 A Good afternoon.

5 Q I -- were you in the room earlier during --  
6 during the testimony of Mr. Johnson --

7 A Yes, I was.

8 Q -- just a few minutes ago?

9 A Yes, I was.

10 Q I'll try to avoid giving specific numbers here.  
11 There -- but Mr. Johnson gave some specific numbers in  
12 regard to historic expenditures on new infrastructure, and  
13 I'm -- I want to know whether you agree with those  
14 numbers.

15 A I do agree with those numbers.

16 Q And do you also agree with him in regard to  
17 projections for '07 and '08?

18 A Yes. For '07 projections, yes.

19 Q Okay. And the '08 projections in regard to the  
20 plan?

21 A It's still rough at this point, but yes.  
22 Starting -- as he said earlier in his testimony, it's a  
23 little fuzzy at this point. But, yes, I agree with where  
24 we are on the current 2008 plan.

25 Q Is there any -- now, in regard to the '07 plan

1 and expenditures contemplated, is that something that this  
2 Commission could rely upon in regard to expenditures that  
3 the company would indeed make on new infrastructure in  
4 Missouri?

5 A With regard to our internal plan, you're talking  
6 outside ETC at this particular time, correct?

7 Q Actually, my question included both. If you  
8 wanted to break it down, I'd be glad to hear it.

9 A In both cases, 2007 plan, we're pretty much  
10 there. Pretty much know what we're going to bill in 2007.  
11 It's close. But we're pretty much there. With regard to  
12 the ETC plan, I'd say it's probably pretty much the same  
13 thing.

14 Q All right. Now, in regard to the expenditures  
15 that could be made in '08, is there any -- first of all,  
16 is there anything that the -- that U.S. Cellular would --  
17 would give to the Commission in regard to assurance or  
18 guarantees in -- as to expenditure -- minimum expenditures  
19 for that year as they relate to the expenditures that have  
20 historically been made since '03?

21 A Commissioner Gaw, I don't want to dance around  
22 your question. But I will tell you, sir, is that our --  
23 our investment -- ETC investment will be incremental to  
24 what we will build within our internal plant. That is our  
25 commitment to you. As far as your minimum question --

1 Q Yes.

2 A -- I -- I'm not comfortable committing to that  
3 right now because that decision really would be above --  
4 probably my boss or above at this particular point, so I'd  
5 hate to commit to that. I just -- I know this.

6 We would -- we would invest dollar to dollar ETC  
7 money over and above what we've been spending, what we  
8 would spend in '07 and '08 and beyond.

9 Q Would U.S. Cellular object to a requirement that  
10 they maintain a certain minimum level of expenditure over  
11 and above the amount that would be available through USF  
12 monies if this Commission made such a requirement as a  
13 condition to USF status?

14 A Again, that may be my boss's. I hate to defer.

15 Q That's all right.

16 A But I hate to commit at this particular point.  
17 I guess, again, what I could commit to is that this money  
18 would be over and above our spend.

19 And on average, as Mr. Johnson has said, we've  
20 been spending about 15, \$16 million a year in Missouri.  
21 Right as of this moment, that's still our plan. We have a  
22 lot of white space to build in Missouri, so I cannot see  
23 why we couldn't -- why we would not maintain that sort of  
24 spend. But I'd hate to commit to a minimum at this point,  
25 at least without talking to my boss in Chicago, the CEO of

1 the company.

2 Q But he's not here to testify, correct?

3 A That's right. He is not.

4 Q The only way we'd be able to find out if we wish  
5 to find out is to --

6 A To bring him in.

7 Q Yeah. Is to do it and see what happens, I  
8 guess. But -- unless he chooses to -- to deliver that  
9 message in some other fashion.

10 Now, is there -- is there -- when you -- when I  
11 look at these other places in the state that U.S. Cellular  
12 serves currently, the -- the white area in the map that  
13 we've been discussing from, these last three witnesses,  
14 including yourself --

15 A Yes, sir.

16 Q -- U.S. Cellular does have coverage in those  
17 areas of some sort, do -- does it not?

18 A The -- the white areas?

19 Q Yes.

20 A No, we do not have current coverage. Our -- our  
21 facilities themselves, we do not.

22 MR. LAFURIA: Are you talking about right here?

23 Q (By Commissioner Gaw) Yes. The white area.

24 A The white area. No, sir.

25 Q In Missouri?

1           A     No, sir.

2           Q     And so if your customer is driving through one  
3 of those areas, they can't get service?

4           A     They would be roaming on another carrier.

5           Q     I see. Some of their plans may actually not  
6 charge them roaming charges --

7           A     That's correct.

8           Q     -- with U.S. Cellular?

9           A     The national plans would not include roaming.  
10 That is correct.

11           COMMISSIONER GAW: All right. Thank you, sir.

12           JUDGE WOODRUFF: All right. Any re-cross based  
13 on those questions? Any redirect?

14           MR. LAFURIA: No, your Honor.

15           JUDGE WOODRUFF: All right. Thank you. And you  
16 can step down. And I believe that concludes the evidence  
17 from U.S. Cellular. Obviously, it's now past 5:00, so  
18 we're -- we're about ready to adjourn for the day.

19           Before I do that, let me ask the parties, give  
20 me an estimate of how long you think this is going to take  
21 tomorrow to finish the other witnesses. Do you think it  
22 will take all day?

23           The reason I ask is I was suggesting you might  
24 wait to start tomorrow until 10:00 so it would be after  
25 the Commission starts its agenda. But I don't want to do

1 that if -- if it means we're not going to finish tomorrow.

2 Anybody want to address that?

3 MR. GRYZMALA: I'll just chime in, your Honor,  
4 it occurs to me that that depends upon whether or not U.S.  
5 Cellular is going to do cross of all the remaining  
6 witnesses.

7 JUDGE WOODRUFF: Yes.

8 MR. GRYZMALA: If they're all of them, some of  
9 them, I don't know. I mean, maybe --

10 JUDGE WOODRUFF: Mr. LaFuria, do you want to  
11 address that?

12 MR. LAFURIA: I think -- I will tell you this.  
13 What I know is our cross -- the amount of cross we have  
14 will depend almost entirely on how many questions they get  
15 from the Bench. We don't have much on our own.

16 JUDGE WOODRUFF: Okay.

17 MR. LAFURIA: That said, for us, earlier in the  
18 day is better. But if there's -- if the Commissioners  
19 want to be here and if waiting till ten will accomplish  
20 that, that's fine.

21 JUDGE WOODRUFF: Okay. Well, let's be on the  
22 safe side, and we'll be back at 8:30 tomorrow.

23 Yes, Mr. England?

24 MR. ENGLAND: Jim your Honor, I had mentioned to  
25 you earlier that I'm involved in another proceeding before

1 the Commission tomorrow and will not be -- be able to  
2 participate here. So that ought to shorten it up quite a  
3 bit. But --

4 JUDGE WOODRUFF: Mr. McCartney will be here,  
5 though.

6 MR. ENGLAND: Mr. McCartney will be here to take  
7 over for me. So with your permission, I'd like to be  
8 excused.

9 JUDGE WOODRUFF: Certainly. At this point,  
10 then, we will be adjourned until 8:30 tomorrow.

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1		
2	I N D E X	
3		PAGE
4	Opening Statement by Mr. LaFuria	465
5	Opening Statement by Mr. Dandino	473
6	Opening Statement by Mr. Haas	476
7	Opening Statement by Mr. Stewart	479
8	Opening Statement by Mr. England	464
9	Opening Statement by Mr. Gryzmala	492
10		
11	WITNESS: NICK WRIGHT	PAGE
12	(FOR IN-CAMERA TESTIMONY, SEE INDEX BELOW)	
13	Direct Examination by Mr. LaFuria	499
14	Cross-Examination by Mr. Haas	502
15	Cross-Examination by Mr. Stewart	508
16	Cross-Examination by Mr. Mr. England	523
17	Continued Cross-Examination by Mr. England	555
18	Cross-Examination by Mr. Gryzmala	556
19	Cross-Examination by Commissioner Murray	562
20	Cross-Examination by Commissioner Appling	567
21	Redirect Examination by Mr. LaFuria	572
22	Cross-Examination by Commissioner Gaw	756
23		
24		
25		



1		
2	I N D E X (CONTINUED)	
3	WITNESS: NICK WRIGHT	PAGE
4	(IN-CAMERA TESTIMONY CONTAINED IN VOLUME 5, PAGES 550	
5	THROUGH 554.)	
6	Cross-Examination by Mr. England	550
7		
8	WITNESS: ALAN JOHNSON	PAGE
9	(FOR IN-CAMERA TESTIMONY, SEE INDEX BELOW)	
10	Direct Examination by Mr. LaFuria	582
11	Cross-Examination by Mr. Haas	584
12	Cross-Examination by Mr. Stewart	589
13	Cross-Examination by Mr. England	618
14	Cross-Examination by Mr. Gryzmala	632
15	Cross-Examination by Commissioner Murray	641
16	Recross Examination by Mr. Dandino	646
17	Redirect Examination by Mr. LaFuria	648
18	Cross-Examination by Commissioner Gaw	729
19	Cont'd Cross-Examination by Commissioner Gaw	741
20	Recross Examination by Mr. England	749
21	Redirect Examination by Mr. LaFuria	754
22	WITNESS: ALAN JOHNSON	PAGE
23	(IN-CAMERA TESTIMONY CONTAINED IN VOLUME 5, PAGES 606	
24	THROUGH 617 AND PAGES 732 THROUGH 740.)	
25	Cross-Examination by Mr. Stewart	606

1	Cross-Examination by Commissioner Gaw	732
2	I N D E X (CONTINUED)	
3	WITNESS: DON WOOD	PAGE
4	Direct Examination by Mr. LaFuria	660
5	Cross-Examination by Mr. Haas	662
6	Cross-Examination by Mr. England	671
7	Cross-Examination by Mr. Gryzmala	688
8	Cross-Examination by Commissioner Murray	699
9	Cross-Examination by Commissioner Gaw	703
10	Redirect Examination by Mr. LaFuria	720
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
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25		

EXHIBIT	DESCRIPTION	OFFERED	ADMITTED
25-NP	Supplemental Surrebuttal Testimony of Nick Wright	501	501
25-HC	Supplemental Surrebuttal Testimony of Nick Wright	501	501
26-NP	Supplemental Surrebuttal Testimony of Alan Johnson	583	583
26-HC	Supplemental Surrebuttal Testimony of Alan Johnson	583	583
27-NP	Supplemental Surrebuttal Testimony of Don Wood	661	662
27-HC	Supplemental Surrebuttal Testimony	661	662
28-NP	Two-year Network Improvement Plan of U.S. Cellular	500	500
28-HC	Two-Year Network Improvement Plan of U.S. Cellular	500	500