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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Hearing

October 26, 2005
Jefferson City, Missouri
Volume 1

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

MORRIS L. WOODRUFF, Presiding,
SENIOR REGULATORY LAW JUDGE.

LINWARD "LIN" APPLING,
COMMISSIONER.

REPORTED BY:
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1 P R O C E E D I N G S

2 JUDGE WOODRUFF: Welcome, everyone, this
3 morning. Looks like we're going to have a full house here
4 today. We're here today for a hearing in Case
5 No. TO-2005-0384, which concerns the application of USCOC
6 of Greater Missouri, and I'm going to call them
7 U.S. Cellular from now on, for designation as an eligible
8 telecommunications carrier.

9 And we're going to start today by taking
10 entries of appearance. Then we'll take a short break to
11 premark any exhibits that the parties wish to mark, and
12 then we'll go to opening statements. Let me get us on the
13 Internet here also. There's your picture.

14 All right. Let's go ahead and start with
15 entries of appearance, beginning with U.S. Cellular.

16 MR. ZOBRIST: Carl Zobrist, Sonnenschein,
17 Nath & Rosenthal, 4520 Main Street, Suite 1100,
18 Kansas City, Missouri 64111.

19 MR. LaFURIA: Good morning. David LaFuria,
20 Lukas, Nace, Gutierrez & Sachs, 1650 Tysons Boulevard,
21 McLean, Virginia 22102.

22 JUDGE WOODRUFF: Thank you. And for Staff.

23 MR. ZOBRIST: I'm sorry. One more counsel
24 who's been admitted pro hoc.

25 JUDGE WOODRUFF: Very good.

1 MR. CHERNOFF: Steven Chernoff, Lucas,
2 Nace, Gutierrez & Sachs, 1650 Tysons Boulevard, McLean,
3 Virginia.

4 JUDGE WOODRUFF: Thank you. Staff?

5 MR. POSTON: Marc Poston for the Staff of
6 the Missouri Public Service Commission, P.O. Box 360,
7 jefferson City, Missouri 65102.

8 JUDGE WOODRUFF: For Public Counsel?

9 MR. DANDINO: Michael Dandino, Office of
10 the Public Counsel, Post Office Box 2230, Jefferson City,
11 Missouri 65102, representing the Office of the Public
12 Counsel and the public.

13 JUDGE WOODRUFF: For SBC Missouri?

14 MR. GRYZMALA: Your Honor, good morning.
15 No microphone for me, so I'll speak up. Bob Gryzmala for
16 Southwestern Bell Telephone, LP, doing business as SBC
17 Missouri, One SBC Center, Room 3516, St. Louis, Missouri
18 63101.

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

21 MR. ENGLAND: Thank you, your Honor. Let
22 the record reflect the appearance of W.R. England and
23 Brian T. McCartney on behalf of the Small Telephone
24 Company Group, the members of which are specifically
25 listed on our written entry of appearance. Our mailing

1 address is Post Office Box 456, Jefferson City, Missouri
2 65102.

3 JUDGE WOODRUFF: Thank you. And for
4 CenturyTel?

5 MR. STEWART: Charles Brent Stewart of the
6 law firm of Stewart & Keevil, LLC, 4603 John Garry Drive,
7 Suite 11, Columbia, Missouri 65203, appearing on behalf of
8 Spectra Communications Group, LLC, d/b/a CenturyTel, and
9 CenturyTel of Missouri, LLC.

10 JUDGE WOODRUFF: Thank you. I believe
11 that's all the parties, then. At this time we'll go off
12 the record to premark exhibits.

13 (AN OFF-THE-RECORD DISCUSSION WAS HELD.)

14 (EXHIBIT NOS. 1 THROUGH 18 WERE MARKED FOR
15 IDENTIFICATION BY THE REPORTER.)

16 JUDGE WOODRUFF: We have premarked
17 exhibits, and there was some discussion about certain
18 information that was previously marked as highly
19 confidential is being declassified. So, Mr. Zobrist, if
20 you could tell us on the record what the situation was
21 with that.

22 MR. ZOBRIST: Certainly, Judge. We have
23 declassified the existing cell and proposed cell
24 propagation maps which have been previously exchanged in
25 Data Requests. They are marked as Exhibits 1 and 2.

1 There is also Exhibit 3, which is a transparency where the
2 proposed sites overlay the existing cell sites. That's
3 been marked as Exhibit 3. That also has been declassified
4 and is no longer highly confidential.

5 JUDGE WOODRUFF: And then there was some
6 reverberations from that that some of the other testimony
7 that was previously filed by the other parties is also no
8 longer highly confidential. Mr. Stewart, if you want to
9 explain what the situation was with CenturyTel?

10 MR. STEWART: Yes. Thank you, your Honor.
11 CenturyTel, based on the discovery that we did, a number
12 of items that were provided to us were designated as
13 highly confidential by U.S. Cellular. We, out of an
14 abundance of caution, when we prepared our rebuttal
15 testimony erred on the side of caution, and basically
16 anything that was provided to us by U.S. Cellular received
17 an HC designation.

18 That included not only the maps, which
19 apparently now are contained in Exhibit 1, 2 and 3, but in
20 addition to that, based on the information provided by
21 U.S. Cellular, information that's called part of
22 Mr. Brown's propagation analysis, and I believe that's,
23 for example, Schedules 4 through 9. And then there's some
24 statistical information in the text of Mr. Brown's
25 rebuttal testimony that was derived from that information,

1 all of which was marked HC at the beginning of this
2 morning and apparently now still is, with I guess the
3 exceptions of where it is in Exhibits 1, 2 and 3.

4 I will say that Mr. Brown's analysis relied
5 upon certain public information, for example, the location
6 of highways, population density statistics and these types
7 of things that he used in his analysis, and we would not
8 normally expect that to be considered HC, but at this
9 point we're deferring to U.S. Cellular's request keeping
10 it under seal until later in the hearing, I guess, when
11 that issue can be addressed.

12 JUDGE WOODRUFF: Mr. England?

13 MR. ENGLAND: Thank you, your Honor. I
14 think we're in the same position as CenturyTel. We have
15 several schedules attached to the rebuttal testimony of
16 Mr. Schoonmaker that at least up until this point in time
17 we believe contain highly confidential information.

18 And as Mr. Stewart indicated, in an
19 abundance of caution we have maintained that designation
20 at least at this point. Hopefully by the end of the
21 proceeding or sometime before the close of the proceeding
22 we can figure out which items can be declassified and
23 which items need to remain confidential.

24 JUDGE WOODRUFF: Mr. Gryzmala, anything for
25 SBC on that?

1 MR. GRYZMALA: No, your Honor. We have no
2 HC marked.

3 JUDGE WOODRUFF: Thank you. Well, then I
4 believe we're ready to start with opening statements, and
5 we'll begin with U.S. Cellular.

6 MR. LaFURIA: Your Honor, Judge, before I
7 begin, would I have some latitude during my opening
8 statement to put a map up on the easel and actually walk
9 up? I don't know how the microphones --

10 JUDGE WOODRUFF: Yes. Normally you'd give
11 your opening statement from the podium, and certainly you
12 can use the easels from there.

13 MR. LaFURIA: Good morning, Judge. David
14 LaFuria here on behalf of USCOC of Greater Missouri, and I
15 will also refer to them as USCC this morning for brevity.

16 This is a very simple case. This case is
17 about whether federal funds should be used to improve
18 wireless infrastructure in rural parts of this state. The
19 focus that Congress gave to all state agencies in deciding
20 whether a carrier should be designated as an ETC is
21 consumers, and the job here of regulators is to determine
22 whether USCC has made credible commitments to use the
23 support that it will receive, whatever amount that may be,
24 to improve infrastructure in its proposed ETC service
25 area.

1 A core principle that Congress adopted in
2 the 1996 Act was to provide consumers in rural areas with
3 similar choices in advanced communications services as are
4 available in urban areas.

5 In large measure, this map, which is marked
6 as Exhibit 3, makes U.S. Cellular's case for why
7 designation should be made. This map represents a picture
8 of what you see in rural America in many places in this
9 country. Wireless is still -- it's not in its infancy,
10 but it surely is in an immature state in the absence of
11 high-cost support. Since these networks have been
12 developed, you will find common infrastructure development
13 among wireless carriers across the country.

14 What you have here in Missouri is
15 infrastructure that has been built in St. Louis, in
16 Joplin, along the major highways and the major population
17 centers.

18 There are eight wireless carriers that have
19 been designated throughout the United States, and I would
20 put to you that with this being a fairly entrepreneurial
21 country, if there were a good business plan to build out
22 wireless infrastructure throughout these areas with the
23 same kind of density that we see in our urban areas, by
24 now it would have happened. Its high-cost support which
25 is the difference between what you have now in rural

1 America and what you could have if this application is
2 granted.

3 U.S. Cellular has put in front of the
4 Commission a plan to begin to use the first draw of
5 support that it would receive within the first year to
6 construct new cell sites that in this proceeding will be
7 referred to as but-for sites, sites that would not be
8 constructed in the absence of their having received
9 support.

10 On this map, we've done an overlay of their
11 two prior maps to illustrate a little bit better where
12 these sites are and demonstrate how they represent an
13 incremental advancement of the company's network
14 throughout rural Missouri.

15 Every year that support comes in following
16 the first year, you can and should expect U.S. Cellular to
17 return to you with additional cell sites. These light
18 green splotches on this maps, as I call them, you should
19 expect to see additional cell sites reaching out
20 throughout these areas to improve wireless infrastructure
21 for rural consumers.

22 Once these sites are built and for every
23 new site that is built in these areas, there are
24 compelling and substantial public interest benefits that
25 will accrue to consumers in every area where these --

1 where service is provided. The health and safety benefits
2 of wireless service scarcely bear mention here, and
3 certainly not in light of the recent weather catastrophes
4 around the southeastern and southern parts of the country.
5 Consumers who are involved in disasters or who have any
6 type of a health and safety issue, they need wireless
7 service.

8 Consumers who are displaced, the first
9 thing they reach for is a wireless phone. When there is a
10 disaster that knocks out infrastructure, it's wireless
11 infrastructure which returns into service most quickly.
12 Cells on wheels and other temporary means are brought in
13 very quickly to restore service.

14 None of that can happen in areas where
15 there is no service. And so with every new cell site that
16 is built, all these benefits are advanced out into
17 Missouri's rural areas.

18 There's no question but that there will be
19 economic development benefits. Anybody who talks to
20 farmers, ranchers, small businessmen out in rural areas,
21 they will tell you that they need wireless infrastructure
22 just as much as those in urban areas, and many places
23 today they don't have them. And any business that looks
24 to locate or to move from a rural area considers the
25 quality of the wireless infrastructure in its equation

1 whether to move there.

2 Thirdly, and surely not an unimportant one,
3 is the benefits of competition. Any time you bring new
4 infrastructure into an area where it is unserved or
5 under-served for the population, they receive the benefits
6 of competition; in this case, wider local calling areas,
7 the ability to tailor their phone usage to the way they
8 use their phone, mobility, and the wide variety of rate
9 plans that U.S. Cellular offers, enabling customers to
10 choose service the way they want, not the
11 one-size-fits-all plan.

12 USCC has made a commitment to serve here
13 that is immediate, to offer an advertised service
14 throughout this area, and to respond to all reasonable
15 requests for service, which is its federal carrier of last
16 resort obligation.

17 It has put forth a six-step plan for how to
18 plans to provision service to consumers who request
19 service. That plan is consistent with what's been
20 approved by the FCC. It's also consistent with what
21 U.S. Cellular has done in other states where it's been
22 designated as an ETC.

23 The company has existing roaming agreements
24 in place with other carriers in the state and is able to
25 provide service on a roaming or what is known in FCC

1 parlance on a resale basis to requesting consumers.
2 Moreover, the company only gets support if it gets a
3 customer with facilities-based service. It has every
4 incentive to attempt to build as many facilities as it can
5 in these areas to get consumers, to get consumer revenue
6 and support.

7 U.S. Cellular has agreed to be accountable
8 for these funds. In other states where it has been
9 designated, U.S. Cellular is currently filing a variety of
10 reports to state commissions to demonstrate how it has
11 used existing funds and how it plans to use funds in the
12 future.

13 The company has made very unequivocal
14 commitments here to this commission to report how it is
15 using funds and to demonstrate that it is -- the State
16 essentially is getting bang for its buck here, that
17 dollars coming in are going to go to improve its network
18 infrastructure according to whatever rules the Commission
19 adopts.

20 There are no current rules, and so the
21 company has put in this plan, which in terms of timing is
22 actually quite a good plan, and the reason is, if we
23 assume that this proceeding finishes up sometime at around
24 the first of the year, let's say, this Commission has to
25 next do a recertification in October of '06. This plan,

1 which proposes 16 new cell sites, will probably not be
2 able to be completed in the first six months or so, until
3 the Commission has to come back under its presumably new
4 rules and recertify the company and ask the company again,
5 provide us a new plan for what you propose to do, whether
6 that's a five-year plan, a two-year plan.

7 Whatever the Commission decides in its
8 rules the company will provide to you, and at that time
9 you'll get a different look. This look at this map is now
10 several months old, and as you know, wireless
11 infrastructure continues to be built around the state and
12 plans develop.

13 And so each year you have an opportunity
14 before October of that certification deadline to look at
15 what the company is doing with funds that it's got, look
16 at its plans and approve it. And if they don't comply, if
17 they don't provide a report that is satisfactory, the
18 State always has the option to not recertify in October
19 and funds will stop flowing to the company immediately.

20 The FCC put out an Order last March which
21 sets forth a list of criteria for designation and
22 reporting requirements the company should follow when they
23 apply to the FCC. Frankly, the wireless industry wasn't
24 really thrilled with that Order, but I will tell you,
25 representing a number of these carriers, it does represent

1 a thoughtful and good-faith attempt to balance the
2 benefits and the burdens and the need for some important
3 regulation of ETCs, and I think the FCC did a reasonable
4 job.

5 The company is unequivocally committed here
6 to do that plan, and I think it would be in the consumers'
7 best interests to put that plan into place for the
8 purposes of this proceeding, grant the application,
9 continue the rulemaking that is ongoing, and when those
10 rules are developed, then apply them to existing ETCs and
11 new applicants that come thereafter.

12 Many of the additional requirements that
13 are in the proposed testimony of the ILECs, for example,
14 if you look at them carefully, the things they add on top
15 of the FCC really don't add any consumer benefit, and they
16 stray really far from the FCC's advice, which is to --
17 they've really guided states, don't regulate ETCs to
18 parity with ILECs to the state of parity. In fact, there
19 are a number of good reasons why ILECs have the state of
20 regulation they do. It is because they're monopoly
21 carriers, not because they are ETCs.

22 The better course here is to designate with
23 a minimum number of conditions, finish that rulemaking,
24 and understand that U.S. Cellular has committed to follow
25 whatever rules the Commission puts in place.

1 You know, the ILECs are here opposing this
2 petition with a significant amount of vigor. If you look
3 at their testimony, there's a lot of good work that
4 they've done. And the main reason that they're here is
5 very simple. They're very concerned about federal dollars
6 coming into this state that will build facilities and
7 advance these wireless networks out to the point where it
8 threatens their monopoly service in these areas.

9 According to the most recent local
10 competition report published by the FCC, 48 percent of zip
11 codes in this state have no competition for the ILEC
12 compared to 22 percent nationwide. I submit to you that
13 the ILECs would like it to stay that way. This map does
14 not provide coverage, it does not show coverage for
15 consumers everywhere they live, work and play in rural
16 areas.

17 I think if you look through the ILECs'
18 testimony, you will find that they submit all kind of data
19 that essentially proves U.S. Cellular's case, that in many
20 areas there needs to be new investment for consumers out
21 here who are asking for these services. Currently, ILECs
22 draw \$91 million a year in federal support here in
23 Missouri. Rural wireless consumers who pay into this fund
24 see zero benefit from their contributions when they use
25 their wireless phones.

1 U.S. Cellular presents compelling public
2 interest benefits in support of its petition. It's
3 committed to the accountable, and it meets all of the
4 criteria required of an ETC. We really urge this
5 Commission to grant this application at the earliest
6 possible date so that construction on these cell sites can
7 commence right away.

8 Thank you very much.

9 JUDGE WOODRUFF: Thank you. Next up is
10 Public Counsel.

11 MR. DANDINO: Thank you, your Honor. May
12 it please the Commission?

13 Public Counsel's position is, the record to
14 date does not indicate to Public Counsel that it is in the
15 public interest to grant this ETC application. When we --
16 in this case, we're talking about USF funds. There's an
17 expression, OPM, I guess, when we're talking about the
18 telephone industry, we have a -- use a lot of initials,
19 but we have OPM. It's other people's money.

20 This is our money. This is my clients'
21 money. USF funds, even though it's an assessment on the
22 companies, it is paid by the end user customer, our
23 clients. And we're very particular how we want this money
24 spent, and we want it spent for the appropriate purposes,
25 and to preserve those issues and those gains that the

1 consumers have made to date.

2 Now, we understand there is no reason why
3 technology in and of itself should disqualify a carrier
4 from ETC status. In fact, we do recognize that perhaps
5 the only real competition some of these landline carriers
6 would have in an exchange might well be a wireless
7 carrier, but that doesn't mean that we have to provide USF
8 funds for those -- for that competition.

9 With ETC status comes a special status and,
10 of course, special obligations. It's not just wireline
11 service which we believe should be supported, but it's
12 what I like to call enhanced wireline service. It is
13 something more than just wireline -- or wireless service.
14 I'm sorry. Let's call it enhanced wireline -- wireless
15 service. I'll get it right.

16 And because of this, we have some concerns
17 about the applicant and its proposal. We have concerns
18 about the specific low-income offerings. We have concerns
19 that the USF will be used to support a level of services
20 that is less than that demand of the wireline companies,
21 especially the incumbent ILEC. And we have concern about
22 the level of consumer protection will be less than that
23 provided for the wireline customer.

24 As far as the low-income offering, I'll
25 refer you to Barbara Meisenheimer's discussion of that in

1 her testimony, and you'll hear from her about how she
2 believes that their offering isn't as clear as possible.
3 It should be a discount from comparable services, at least
4 those offered by the ILEC. And she has some concerns
5 about that, will be discussing those.

6 We also have concerns about the type of
7 services as compared to the wireline services. Of course,
8 there are nine elements that the -- that is supported by
9 USF, federal USF. However, Missouri goes farther. We
10 want to fund basic local services, which is another set of
11 criteria, and also essential local services, especially in
12 the rural areas. We require CLECs in the rural areas to
13 provide the essential local services, and that's a little
14 bit more extensive list than those nine elements that the
15 FCC requires.

16 Particularly, we're interested in the local
17 calling area provided and EAS issues for two-way calling.
18 While with wireless service you can probably call
19 California, but you should also have unlimited calling
20 within your community of interest, at least that community
21 of interest provided by the ILEC, so you can call the
22 county courthouse and the school, local school and your
23 medical -- medical office for your doctor or your dentist
24 and for your law enforcement and for your employment in
25 unlimited calling.

1 Also how to reconcile local calling with
2 toll blocking, since wireless supposedly erases that
3 division between long distance calling and local calling.

4 Also concerned about E911 service. We -- I
5 think we need a clear explanation of how that will be
6 provided by the wireless companies.

7 Of course, another concern is equal access
8 to the IXC's, a fundamental concern that arose under the
9 Telecommunications Act of 1996 and was one of the
10 requirements that local exchange companies provide equal
11 access to IXC's. We think no less should be required of
12 wireless carriers.

13 And then finally, even though competition
14 is important, competition should not -- striving to
15 achieve competition should not be done at the sacrifice of
16 the gains made by consumers for consumer protection.
17 Public Counsel is not willing to relinquish the hard-won
18 standards of service quality performance measures, billing
19 and collection rights, complaint resolutions, complaint
20 processes that have been established for residential
21 customers for wireline just because the customers are now
22 wireless customers.

23 There's also an underlying current through
24 this is that there -- even with competitive companies,
25 such as the IXC's and the competitive local exchange

1 carriers, there is still some limited rate oversight by
2 the Public Service Commission under Section 392.200.1, as
3 well as some -- as well as a protection against
4 discrimination in rates under 392.200.

5 At present, wireline -- wireless companies
6 are completely outside the jurisdiction of this
7 Commission, both for standards of service, quality of
8 service and for dispute resolutions, for billing and for
9 rates.

10 I'm not suggesting that the Public -- that
11 the Public Service Commission should be in the business of
12 requiring these companies to file tariffs and the Public
13 Service Commission will review their rates as they do
14 present wireline companies. Our suggestion is that there
15 has to be some measure of oversight, consumer protection,
16 even with the wireless carriers.

17 One of the most frustrating things in the
18 Office of Public Counsel is when a customer calls us and
19 they're a wireless customer and they say, well, how can
20 you help me with this billing problem, I have a service
21 problem. And basically you have to tell the customer,
22 well, Public Counsel has nothing to do with that, Public
23 Service Commission has nothing to do with that. Certainly
24 the FCC isn't going to do anything about it. And the only
25 thing that you really have to tell them is, well, why

1 don't you just change carriers, which is to me no answer
2 in reality, or if it's very egregious, to go to the
3 Attorney General consumer protection agency.

4 Somewhere if we're going to give USF funds,
5 we're going to give my clients' funds to the applicant, I
6 expect the applicant to be responsible to the person
7 that's there, the administrative body that's there to
8 protect them, the Public Service Commission.

9 Thank you.

10 JUDGE WOODRUFF: Thank you, Mr. Dandino.
11 For Staff?

12 MR. POSTON: Good morning. U.S. Cellular's
13 application for ETC status is potentially significant
14 beyond the parties here today because it could set the
15 stage for future wireless ETC applications considered by
16 the Commission.

17 In the first wireless ETC application filed
18 with the Commission, the Staff recommended that the
19 Commission deny Mid-Missouri Cellular ETC designation.
20 The primary reason for the Staff's position was that Staff
21 believed Mid-Missouri Cellular had not met its burden of
22 proving that the designation was in the public interest as
23 required under the Telecommunications Act.

24 Since Mid-Missouri Cellular first filed its
25 application, a lot has happened in terms of FCC orders

1 that address the very issues before the Commission today,
2 and I'm mainly referring to the Virginia Cellular and the
3 March 2005 ETC Order. These Orders provide substantial
4 guidance to the Commission in conducting the required
5 public interest analysis and in redefining service areas.

6 In the testimony of Staff's witness
7 Mr. Adam McKinnie explains the Staff's rationale for
8 concluding that granting ETC status to U.S. Cellular is in
9 the public interest provided certain conditions are met.
10 Mr. McKinnie's testimony and recommendation is based on
11 the FCC's guidelines, and it's not based on the proposed
12 ETC rule, which was only an informal draft at testimony
13 time. And nothing in the prefiled testimony of the other
14 parties has given the Staff reason to change its position.

15 However, the Staff does believe further
16 clarification from U.S. Cellular is important to fully
17 explore the issues presented by this application, and this
18 hearing will provide the Staff and the Commission with an
19 opportunity to hear U.S. Cellular's responses to the
20 objections raised by the other parties here today.

21 Thank you.

22 JUDGE WOODRUFF: Thank you. For
23 CenturyTel?

24 MR. STEWART: Thank you, your Honor. Under
25 our new Commission procedure where we file prehearing

1 briefs, I think I'm going to waive my opening statement
2 and just refer the Commission to the introduction that I
3 provided in the prehearing brief. I think it says it
4 adequately, and I don't want to burden the record with
5 anything further this morning. Thank you.

6 JUDGE WOODRUFF: Thank you, Mr. Stewart.
7 Then for STCG?

8 MR. ENGLAND: Thank you, your Honor. May
9 it please the Commission? Having heard Mr. Stewart's
10 opening, next time I'm going to take the prehearing brief
11 requirement a little more seriously and hopefully avoid
12 some additional work.

13 As you know, we represent a number of small
14 local exchange companies in Missouri. The group has been
15 named the Small Telephone Company Group. In this case it
16 is comprised of 24 small incumbent companies who are rural
17 carriers under the definition of the Telecommunications
18 Act.

19 These 24 companies serve high-cost areas.
20 There's no dispute to that fact. These companies have the
21 carrier of last resort obligation in those exchanges where
22 they are authorized to serve. These companies have spent
23 significant dollars building and maintaining their
24 infrastructure and the networks that serve their
25 customers.

1 All of these companies have previously been
2 designated by this Commission as eligible
3 telecommunications carriers and eligible for receipt of
4 universal service support, and, in fact, all of them do
5 receive universal support, ranging from \$9 per line to
6 \$135 per line. That is in the testimony of
7 Mr. Schoonmaker.

8 U.S. Cellular seeks to designated as an ETC
9 in either all or parts of the areas served by these
10 24 small telephone companies. As a result, or I guess if
11 they are granted the designation that they seek in this
12 case, they will be eligible for universal service support
13 in excess of \$8 million a year. Now, that is not just in
14 the areas served by the 24 companies that I represent, but
15 also in the areas that companies that Mr. Stewart and
16 Mr. Gryzmala represent as well.

17 Mr. LaFuria claims in his opening statement
18 that at least some of the companies, and I assume he's
19 speaking of my companies, are concerned that U.S. Cellular
20 will invest these additional moneys in our areas. Nothing
21 could be further from the truth. We are concerned that
22 they will not invest these monies in our areas.

23 The Act and the FCC require in the first
24 instance that an applicant for ETC status must offer the
25 nine enumerated services throughout the service area for

1 which designation is requested, and it must advertise the
2 fact that these services are available in those areas
3 through media of general distribution.

4 In addition, in rural areas, the areas that
5 the Small Telephone Company Group members serve, the
6 Commission must also find that the designation of an
7 additional eligible telecommunication carrier is in the
8 public interest. We believe the public interest test
9 should be fact-intensive and should be specific to each of
10 the areas served by the 24 companies making up the Small
11 Telephone Company Group.

12 It is clear that the burden is on the
13 applicant to demonstrate that it provides or will provide
14 the supported services throughout these designated areas,
15 and the burden is also on the applicant to show that a
16 grant of ETC status is in the public interest.

17 In this case, U.S. Cellular has failed on
18 both counts. In this case, U.S. Cellular has not shown
19 that it offers the requisite services in many of the small
20 ILEC areas or that it has any plans to do so. As
21 Mr. Schoonmaker testifies, a review of U.S. Cellular's
22 website reveals that it does not offer service in 37
23 exchanges of 10 of the small companies that we represent.

24 Furthermore, attached to Mr. Schoonmaker's
25 rebuttal testimony is a map of U.S. Cellular's existing

1 coverage, and for purposes of this opening statement I
2 have made copies of that map, and rather than enlarge it,
3 at the time I thought it was highly confidential and I
4 wasn't sure who was going to see it, so I have small or
5 letter-sized handouts that I'd like to hand out at this
6 time and continue to treat it as highly confidential until
7 we know later whether it is or is not.

8 JUDGE WOODRUFF: Okay. Mr. England, this
9 is already part of the record --

10 MR. ENGLAND: That is correct.

11 JUDGE WOODRUFF: -- testimony?

12 MR. ENGLAND: I have handed out a copy of
13 RCS Schedule 7HC, page 4 of, I believe, 54, which is
14 attached to the rebuttal testimony of Mr. Schoonmaker.
15 And what this purports to show is -- excuse me. It's
16 entitled USC Propagation Study.

17 What this is intended to show is the
18 current coverage of U.S. Cellular's system, which is
19 depicted by the darker gray areas on the map of the state
20 of Missouri. It is also showing the additional coverage
21 that the 16 proposed new cell sites would achieve, and
22 that is depicted by the lighter gray area on the map. And
23 then finally overlaid on the map are the exchange
24 boundaries for all of the 24 companies making up the Small
25 Telephone Company Group.

1 Reviewing this map, it is clear that
2 U.S. Cellular does not presently provide service in many
3 of the exchange served by the Missouri small telephone
4 companies. It is further clear from this map that
5 U.S. Cellular's plans for the 16 new additional cell sites
6 will not appreciably improve that situation, at least
7 insofar as the areas served by those small telephone
8 companies.

9 U.S. Cellular stands to reap approximately
10 \$8 million annually in high-cost support, and while it
11 says that it will spend that money in high-cost areas, it
12 has only committed to spend between 4 and \$6 million over
13 the first 18 months on these additional cell sites.
14 During that 18-month period, Universal Service Fund
15 receipts would be approximately 12 million, 8 million for
16 the first year, 4 million for six months thereafter.

17 Furthermore, U.S. Cellular has not
18 indicated or not specified any new services or
19 technologies that it will roll out in these high-cost
20 areas. In stark contrast to the representation of
21 Mr. LaFuria in his opening statement, I submit to you that
22 U.S. Cellular has offered little if any bang for its buck.
23 It has offered little in return for the \$8 million a year
24 windfall it expects to receive from the Universal Service
25 Fund.

1 A little over a year ago, before the FCC
2 adopted its more rigorous guidelines regarding the award
3 of eligible telecommunications carrier status to
4 competitive companies, this Commission denied a similar
5 application of Mid-Missouri Cellular, and I think the
6 language in that Order is very relevant or pertinent to
7 this case.

8 At page 26 of that Order, under
9 conclusions, the Commission stated as follows: Quote, the
10 Commission determines that the grant of ETC status to MMC,
11 Mid-Mo Cellular, is not in the public interest because MMC
12 has not provided competent and substantial evidence to
13 show that the public will benefit from designating MMC an
14 eligible telecommunications carrier for Universal Service
15 Fund purposes.

16 Here's where it's interesting. And the
17 Commission states, MMC has not agreed to abide by the same
18 quality of service standards as landline companies and
19 will not be required to do so by law. The Commission will
20 have no jurisdiction over the rates or service plans of
21 MMC, and MMC has not agreed to provide plans with lower
22 rates if it is allowed to become an ETC, except for the
23 Life Line service required under the law.

24 MMC has told the Commission that the funds
25 will be used for an upgrade of its system, but it has not

1 presented the Commission with any construction or
2 financial plans or any time line for these upgrades.
3 Additionally, MMC has not shown that the customers in the
4 rural service areas will see any increased competition or
5 benefits from the grant of ETC status to MMC. MMC has
6 made no showing that it intends to expand its coverage
7 area or fix dead spots. Although cellular service does
8 offer mobility that the landline carriers cannot provide,
9 that service is already available throughout MMC's service
10 area to those customers who have a need for that service,
11 end quote.

12 I would suggest to you that in each of
13 these statements you could substitute U.S. Cellular for
14 MMC and the finding would be appropriate for purposes of
15 this record. And what's particularly pertinent about
16 this, as I mentioned a minute ago, is this Order was
17 issued a year ago before the FCC issued its more rigorous
18 standards in March of this year.

19 So clearly if U.S. Cellular does not meet
20 the standard that this Commission has established a year
21 ago for Mid-Missouri Cellular, it does not meet the
22 standard that's been enunciated and urged by the FCC as
23 recently as March of this year.

24 Thank you.

25 JUDGE WOODRUFF: Thank you, Mr. England.

1 For SBC?

2 MR. GRYZMALA: Thank you, your Honor. Good
3 morning. My name is Bob Gryzmala. I represent SBC
4 Missouri in this case.

5 Our interest in the case differs somewhat
6 from those of the other telephone companies in that
7 U.S. Cellular has requested designation for a non-rural
8 company, that being SBC Missouri. It in specific has
9 asked for ETC designation in approximately 146 of our
10 Missouri exchanges.

11 Our focus in this case is primarily
12 directed to two specific areas. One has to do with what
13 are the rules of the road that should guide this
14 Commission in making disposition of the application, and
15 the other has to do with what the available proof shows
16 relative to the request to have ETC designation in SBC
17 Missouri's 146 exchanges.

18 SBC Missouri submits that the application
19 of U.S. Cellular for designation in the areas encompassed
20 by SBC Missouri's wire centers must be denied. Not unlike
21 what you just heard from fellow counsel, U.S. Cellular has
22 failed in the case of SBC Missouri to sufficiently
23 demonstrate that it meets the requirements of the Act,
24 quote, throughout the service area for which it seeks ETC
25 designation, end quote.

1 Furthermore, U.S. Cellular has failed to
2 sufficiently demonstrate that granting the ETC status is
3 consistent with the public interest, convenience and
4 necessity. Those are our two major interests and themes
5 in this case, and I will mention just shortly how that
6 applies to the specific facts relative to the SBC case
7 that U.S. Cellular shows you.

8 Regarding the rules of the road, Section
9 214(e) (1) requires that an ETC offer and advertise the
10 availability of the supported services, the so-called nine
11 supported services, quote, throughout the service area for
12 which the designation is received, end quote. That's what
13 the statute says. There's no dispute that it applies in
14 this case. There will be proof and evidence as to what
15 that -- what U.S. Cellular intends to meet that burden.
16 We urge the court, we urge your Honor to look at that very
17 carefully. I'll return to it momentarily in the case of
18 SBC.

19 Section 214(e) (2) also requires that
20 upon -- or provides that, quotes, upon request and
21 consistent with the public interest, convenience and
22 necessity, the State may in the case of an area served by
23 a rural telephone company and shall in the case of all
24 other areas designate more than one common carrier as an
25 eligible telecommunications carrier or a service area so

1 long as each additional requesting carrier meets the
2 requirements, that is the eligibility requirements of
3 paragraph 1. That would be paragraph 214(e) (1).

4 Now, everybody in this case agrees that the
5 ETC designation must be consistent with the public
6 interest in the case of an area served by a rural carrier.
7 Everybody agrees with that. Everybody but U.S. Cellular
8 agrees that that ETC designations in areas served by
9 non-rural carriers must also be consistent with the public
10 interest, convenience and necessity.

11 And it's unfortunately in the sense that
12 this agreement exists with -- or disagreement exists with
13 regard to U.S. Cellular because, frankly, your Honor, I
14 think that our proof and our evidence will show that it's
15 a no-brainer. U.S. Cellular's lone disagreement as to
16 whether the public interest test applies when an area is
17 served by a non-rural company is without merit. The
18 statute says so on its face.

19 The FCC in its implementing orders has made
20 abundantly clear that applicant for ETC designation must
21 demonstrate that granting its request is consistent with
22 the public interest regardless of whether the applicant
23 seeks designation in an area served by a rural or a
24 non-rural carrier. It made that clear in March 2005 in
25 its ETC designation order, and it applied a public

1 interest analysis in the case of a non-rural carrier in
2 its proper orders, Virginia Cellular and Highland
3 Cellular. There should be no question about it.

4 And this Commission itself, in referring to
5 the same opinion that Mr. England just referred you to,
6 stated at page 27 of the Order it issued back on
7 November 30, 2004 in the Mid-Missouri case, quote, in
8 order to be granted ETC status in the non-rural areas, MMC
9 must also show that the designation will be consistent
10 with the public interest, convenience and necessity, end
11 quote, page 27. There should be no dispute here.
12 However, as the position statement of parties reflected
13 prior to the hearing, it is an issue.

14 A second issue raised and upon which you
15 will hear some evidence is in the event that the finding
16 or the conclusion of the Commission is that that finding,
17 that public interest finding is not required by law in a
18 non-rural environment, is it nonetheless a good thing? Is
19 it nonetheless appropriate? And we would submit that
20 certainly it is. If what you have -- what you have heard
21 already would not convince you, it would suggest to you
22 that Section 254(f) of the Federal Act specifically states
23 that a state may adopt regulations not inconsistent with
24 the Commission's rules to preserve and advance universal
25 service, the Fifth Circuit Court of Appeals has held that

1 the FCC may not prohibit states from imposing additional
2 requirements when designating carriers as eligible
3 telecommunications carriers. That's Texas PUC vs. FCC,
4 183 F3D, 393, Fifth Circuit 1999.

5 As a practical matter, your Honor, we serve
6 rural customers. It would be a mistake to take too far
7 the implications of what a non-rural company is. SBC
8 serves rural customers. As the Commission itself noted
9 only two weeks ago, rather September 30th in comments
10 submitted to the FCC in Docket 96-45, quote, although SBC
11 serves the larger metropolitan areas of the state, many
12 SBC exchanges are similarly situated to rural exchanges of
13 CenturyTel and Sprint, end quote.

14 There's no question but that the public
15 interest if it is not required by law to be applied to the
16 non-rural companies should be applied. The ETC
17 designation order is key in this proceeding. SBC submits
18 that that Order and its requirements at the federal level
19 that the FCC applies to its own ETC designations should be
20 approved for use and utilized in this case to test the
21 metal of U.S. Cellular's application. There's no question
22 that that Order was an answer to a burgeoning growth in
23 the high-cost fund. The Commission itself is concerned.

24 At page 11 of its comments it submitted to
25 the FCC just a few weeks ago it stated, quote, the

1 majority of the Missouri Public Service Commission has
2 concerns about the rapid increase in the size of the fund,
3 end quote. The ETC designation order is a response to
4 that. It is a good thing to apply in Missouri.

5 And as Mr. Poston points out, and I agree
6 with him entirely, it is particularly appropriate that it
7 be applied to this case because, as he stated accurately,
8 this sets the stage for future applications. This is only
9 the first in the hopper. We have other applications that
10 are pending. It is anticipated that this would be the
11 first to be decided.

12 So those are the rules of the road. The
13 required services, made available and advertised we have
14 little to say about that. We do have something to say and
15 our evidence will show that the proof of U.S. Cellular is
16 deficient with regard to SBC Missouri in that it is not
17 deployed throughout the service territory for which it
18 seeks ETC designation. We also submit that it does not
19 meet the public interest as to our exchanges.

20 Just a couple of additional points. The
21 five-year plan that the FCC adopted as its own requirement
22 in the ETC designation order which it recommended the
23 states adopt is something that we believe should likewise
24 be applied to this case, but we don't want the point to be
25 missed that even if the Commission were to decide that for

1 purposes of this case a five-year plan is not absolutely
2 critical, presumably as Mr. McKinnie's argument runs, i.e.
3 by accepting the 18-month plan, that the analysis stops
4 there because the 18-month plan is deficient on its face.
5 For many of the same reasons as Mr. England pointed out
6 relative to the 146 SBC Missouri wire centers for which
7 they seek designation, the addition of those 16 proposed
8 cell sites will do very little, if anything, to improve
9 coverage, quality in those wire center areas.

10 And as he pointed out and as Mr. McKinnie
11 pointed out and as we agree, there are areas in this state
12 in SBC Missouri's wire centers that U.S. Cellular does not
13 serve today and won't serve tomorrow, that is after its
14 16th proposed cell sites are thoroughly built out.

15 We ask with all due respect that you look
16 very carefully at our evidence on that, your Honor, and I
17 won't belabor that point further for now.

18 I have one last point. U.S. Cellular's
19 statement in opening argument was to the effect that it
20 has put forth a plan to begin, that it will provide
21 additional cell sites later, that it will file reports
22 indicating the new plan down the road.

23 And, your Honor, I would give careful
24 thought to whether or not they have it backwards. The
25 point of seeking ETC designation is to show that the money

1 you will receive will be deployed throughout a service
2 territory for which you're seeking ETC designation over a
3 period of time. In the FCC's view, the period of time
4 that was appropriate would be five years. And then
5 progress reports are submitted along the way to
6 demonstrate to the FCC that you are, in fact, meeting your
7 commitment made to build out that network throughout the
8 service territory.

9 The answer is not to throw a few sites on
10 the table, take some money, and then account to the
11 Commission later on as to how you spent the difference and
12 what your plans are down the road. They have to be shown
13 up front, and we submit that the proof is deficient on
14 that with respect to SBC Missouri.

15 Thank you for the opportunity.

16 JUDGE WOODRUFF: Thank you, Mr. Gryzmala.
17 I believe that's all the opening statements, then. At
18 this time we'll take a break before we start with
19 testimony, and I believe Mr. Lowell will be the first one
20 up. We'll take a break now. We'll come back at
21 ten o'clock.

22 (A BREAK WAS TAKEN.)

23 JUDGE WOODRUFF: I believe we're ready to
24 start with the first witness.

25 MR. LaFURIA: Good morning. USCC calls

1 Kevin Lowell to the stand.

2 (Witness sworn.)

3 JUDGE WOODRUFF: You may inquire.

4 KEVIN LOWELL testified as follows:

5 DIRECT EXAMINATION BY MR. LaFURIA:

6 Q. Good morning. Please state your name and
7 address.

8 A. My name is Kevin Lowell. Address is
9 8766 East 105th Place, Tulsa, Oklahoma 74133.

10 Q. Are you the same Kevin Lowell who caused to
11 be filed in this proceeding direct testimony?

12 A. I am.

13 Q. Have you reviewed that testimony before you
14 came in here today?

15 A. Yes, I have.

16 Q. Do you have any changes or corrections to
17 that testimony?

18 A. No, I don't.

19 Q. If I were to ask you the questions that are
20 in that prefiled direct testimony today, would your
21 answers be the same?

22 A. Yes, they would be.

23 Q. And are your answers true and correct to
24 the best of your knowledge, information and belief?

25 A. Yes.

1 MR. LaFURIA: Your Honor, I move for the
2 admission of Exhibit 4 into evidence.

3 JUDGE WOODRUFF: All right. Exhibit 4 has
4 been offered into evidence. Are there any objections to
5 its receipt?

6 (No response.)

7 JUDGE WOODRUFF: Hearing none, it will be
8 received into evidence.

9 (EXHIBIT NO. 4 WAS RECEIVED INTO EVIDENCE.)

10 MR. LaFURIA: Thank you, Judge. I now
11 tender the witness for cross-examination.

12 JUDGE WOODRUFF: For cross-examination
13 we'll begin with Public Counsel.

14 MR. DANDINO: Thank you, your Honor.

15 CROSS-EXAMINATION BY MR. DANDINO:

16 Q. Good morning, Mr. Lowell.

17 A. Good morning.

18 Q. Just have a few questions. Page 3 of your
19 testimony, you talk about global positioning system chips
20 in the phones. Is that U.S. Cellular's solution to the
21 E911 problem?

22 A. That's a fundamental piece of our solution
23 to E911, yes.

24 Q. Now, does every handset have the GPS chip
25 in it?

1 A. Every handset we sell today does have a GPS
2 chip in it.

3 Q. What brand do you sell?

4 A. What brand of?

5 Q. Do you have a specific brand of equipment
6 that you sell?

7 A. Are you referring to -- I'm not sure
8 what --

9 Q. Handset?

10 A. Handset, we have a variety of handsets that
11 we sell.

12 Q. Okay. So it's not one particular company?

13 A. Correct.

14 Q. And if a customer from, let's say, Cingular
15 wants to subscribe to U.S. Cellular, do they have to get a
16 new handset?

17 A. We provide them with a new handset as part
18 of their commitment to us.

19 Q. Can they use the old handset in your
20 system?

21 A. No -- it has to be a CDMA handset. It's
22 got to be a handset that supports our technology, and my
23 understanding is that their handsets are a different
24 technology, so that means it would not work on the U.S.
25 Cellular system.

1 Q. Now, would Life Line customers get the same
2 handset as your regular customers?

3 A. They have that opportunity to get the same
4 handset.

5 Q. Is there a particular handset that you
6 would be providing to the Life Line customer as the basic
7 Life Line equipment?

8 A. No. Any of the handsets that we offer
9 would be made available to a Life Line customer.

10 Q. And are they charged the regular price for
11 those handsets?

12 A. As I understand it, yes, and then the Life
13 Line piece affects it differently, so that's about the
14 best that I can tell you.

15 Q. Now, at page 3, question at 20 and your
16 answer at 21, 22 and 23, you talk about operator services
17 where you talk about dialing 411. Is the 411 the same as
18 your operator services?

19 A. Yes.

20 Q. What happens if you dial zero?

21 A. I don't know the answer to that. I haven't
22 done that.

23 Q. What if you dial 1-411?

24 A. I'm not certain.

25 Q. Whose operator do you get when you dial

1 411?

2 A. U.S. Cellular.

3 Q. Does the customer have any -- have the
4 ability to select a different long distance company rather
5 than U.S. Cellular?

6 A. No, they don't.

7 Q. If you look on page 9 of your testimony,
8 and the question at numbers -- 7 and 8, and then your
9 answer from 9 to 20, could you explain to me what that
10 means and why is that important?

11 A. I'll do my best to explain that piece of
12 it. What it means is that -- in essence what it means is
13 we use a tool to design our network that's consistent with
14 the tools that other wireless companies use to design
15 their network. Why it's important is that we want to
16 design the best network that we can create.

17 Q. And all that says that?

18 A. It does.

19 MR. DANDINO: That's all I have, your
20 Honor. Thank you.

21 JUDGE WOODRUFF: Thank you, Mr. Dandino.

22 And for Staff?

23 CROSS-EXAMINATION BY MR. POSTON:

24 Q. Good morning, Mr. Lowell.

25 A. Good morning.

1 Q. My name is Marc Poston. I'm an attorney
2 for the Staff. And you are U.S. Cellular's network expert
3 in this case; is that correct?

4 A. Senior director of network and engineering,
5 yes.

6 Q. And in SBC's prehearing brief and in -- I
7 believe also in their testimony, they question U.S.
8 Cellular's ability to function in an emergency situation.
9 They discuss U.S. Cellular's ability for two hours of
10 backup power, but question the company's ability to
11 operate if there is an extended power outage over a large
12 area or where a large number of people must evacuate. And
13 how do you respond to this claim?

14 A. That it's inaccurate. We have a standard
15 design requirement for every single site that we build of
16 at least four hours of battery backup. We have at a
17 significant percentage of our sites generator backup in
18 addition to battery backup. Every switch location has at
19 least eight hours battery backup and a permanent generator
20 on site so we can run essentially indefinitely, as long as
21 we can fuel the generators. So a significant, significant
22 investment in keeping that network up and running. We can
23 lose -- an entire area can lose commercial power, we may
24 lose a single cell site, because we've got battery backup
25 and generator backup for those cell sites.

1 Q. And the lives of those batteries, is that
2 standard for wireless networks?

3 A. I can't speak to other networks and how
4 they design theirs, but our standard is four hours battery
5 backup at every site.

6 Q. And where they talk about a problem where a
7 large number of people must evacuate, how do you respond
8 to that? Is that -- how do you respond to that?

9 A. It's something that we encounter from time
10 to time, storms like we're experiencing now. It's
11 something we know how to handle extremely well. There can
12 be local telephone companies who are off the air for weeks
13 and months. I've been involved in very few outages where
14 it's taken us more than a couple of days to restore
15 service. The nature of wireless allows us to get in and
16 restore service without having to rely on the local
17 affected area to recover.

18 So in other words, there can be a disaster
19 that affects a local area, we can still get service up
20 because we can make it work by -- through microwave links,
21 taking the service outside of the affected area and
22 restore service, so we're able to do it very, very
23 quickly.

24 Q. I'd like to switch over and talk about toll
25 blocking. Are you very familiar with U.S. Cellular's toll

1 blocking offerings?

2 A. I'm somewhat familiar with it, yeah.

3 Q. Okay. Well, tell me if these questions are
4 better for one of our other witnesses. We just want to
5 understand, what does a customer need to do to get toll
6 blocking?

7 A. We don't have toll charges, so toll
8 blocking doesn't really apply to us.

9 MR. POSTON: That's all. Thank you.

10 JUDGE WOODRUFF: Thank you. For
11 CenturyTel?

12 MR. STEWART: Thank you, your Honor.

13 CROSS-EXAMINATION BY MR. STEWART:

14 Q. Good morning, Mr. Lowell.

15 A. Good morning.

16 Q. I'm Brent Stewart. I'm representing
17 CenturyTel and Spectra in this proceeding. I'm most
18 recently known for having short opening statements.

19 Your title is senior director of network
20 operations and engineering with United States Cellular
21 Corporation; is that correct?

22 A. That's correct.

23 Q. And you're based out of Oklahoma?

24 A. Correct.

25 Q. I think you also state that, in that

1 capacity, you also perform work for USCOC of Greater
2 Missouri?

3 A. Correct.

4 Q. What's the corporate relationship between
5 United States Cellular Corporation and U.S. Cellular in
6 Missouri?

7 A. I'd have to defer that to someone who knows
8 that piece better than I do. I couldn't answer for them.

9 Q. What sort of work do you perform for U.S.
10 Cellular in Missouri specifically?

11 A. The same work that I perform in the other
12 parts of U.S. Cellular, and that's oversight for network
13 operations and engineering.

14 Q. You say in there that you're responsible
15 for network capabilities and performance in a region.
16 Does that -- would that include Missouri?

17 A. It does, yes.

18 Q. And that you're well versed in the
19 company's networks, operations and wireless technology in
20 general; is that correct?

21 A. That's correct.

22 Q. And that would include Missouri as well?

23 A. Correct.

24 Q. Does U.S. Cellular in Missouri -- and I'm
25 just going to call it U.S. Cellular for ease of this.

1 Does U.S. Cellular in Missouri employ someone similar to
2 you that is just Missouri specific, or do you kind of do
3 it at the region level?

4 A. I'm not sure what you mean, someone similar
5 to me.

6 Q. Is there -- do you have a counterpart in
7 the Missouri operation?

8 A. No, I don't.

9 Q. I notice that your educational background
10 was in English from UCLA. I guess I'm curious how you
11 ended up doing operations and engineering work for a
12 wireless company.

13 A. I learned it and love it and got a chance
14 to do it.

15 Q. You've been in the wireless industry how
16 long, total?

17 A. Ten or eleven years.

18 Q. I'd like to turn now to U.S. Cellular's
19 Missouri network. On page 2 of your direct testimony, you
20 note that U.S. Cellular is licensed to serve a substantial
21 portion of rural Missouri, and that U.S. Cellular has
22 built out our network to cover the highways and major
23 towns and that you're now expanding in the small towns and
24 rural areas. Is that your testimony?

25 A. It is.

1 Q. Mr. Lowell, when you use the phrase -- and
2 I just want to make sure we're on the same page here.
3 When you use the phrase rural Missouri, can you explain
4 what you mean by that?

5 A. What I mean by that is areas off of --
6 outside of the major highways and major towns. So I'm
7 talking about small towns, rural areas outside of --
8 outside of a major town.

9 Q. Outside of a major town. I live in
10 Columbia. Is Columbia considered a major town?

11 A. I consider it a major town.

12 Q. What about, looking at the north part of
13 your map, what about Milan, Missouri, have you ever heard
14 of Milan, Missouri?

15 A. No, I haven't.

16 Q. What about Hannibal, Missouri?

17 A. Yes, I've heard of it.

18 Q. Is that a major town?

19 A. I would say not.

20 Q. When you say highways, what do you mean by
21 highways?

22 A. Interstates and major highways between
23 St. Louis and Columbia, Columbia down through Springfield,
24 across to Joplin, major highways.

25 Q. So major highways in your mind would be

1 Interstate 70 that runs east and west and Interstate 44
2 that runs basically from St. Louis down through Joplin?

3 A. Yes.

4 Q. Any others? I mean, like, what about U.S.
5 Highway 63 or State Highway 63 -- I'm not even sure what
6 it is -- and 65 that run north and south, are those in
7 your mind major highways?

8 A. They're not -- they're not interstates, but
9 they're highways.

10 Q. I take it that you believe it's important
11 that U.S. Cellular provide service along major highways?

12 A. I do.

13 Q. And is that because -- looking at your
14 testimony and the other testimony that U.S. Cellular has
15 filed, is that because mobility is an important public
16 benefit of wireless service?

17 A. Yes.

18 Q. When you use the phrase small towns, what
19 do you mean? Is there a cutoff as population or is it --

20 A. In my mind, no, there's not a population
21 cutoff. What I mean by small towns are smaller than
22 Columbia, for example.

23 Q. Smaller than Columbia. Does U.S. Cellular
24 provide service in the Branson, Missouri area by any
25 chance? Looks like you might from this map, probably in

1 this area (indicating) roughly?

2 A. In a portion of it, yes.

3 Q. On page 6 you say that you have two
4 territorial field teams currently in place in Columbia and
5 Joplin. Of course, Joplin would be down in the southwest
6 portion and Columbia would be in the central portion. Do
7 you have any territorial field teams currently in place in
8 the St. Louis area?

9 A. We do now, yes.

10 Q. But you didn't at the time you filed your
11 testimony?

12 A. Did we? I believe that we did.

13 Q. You just didn't mention it, that you had
14 them there?

15 A. I didn't include it.

16 Q. Well, let's clear this up. Where do you
17 have field teams currently in place in your service
18 territory, other than just Joplin and Columbia?

19 A. In St. Louis.

20 Q. None up in the northern part?

21 A. Joplin, Columbia and St. Louis.

22 Q. How many employees are on your territorial
23 field teams?

24 A. In -- altogether, in Missouri?

25 Q. Let's take Columbia. How many do you have

1 on your field team in Columbia?

2 A. About 12.

3 Q. How many in Joplin?

4 A. Eight.

5 Q. How about St. Louis?

6 A. About 20.

7 Q. Do you have plans to increase the number of
8 your field teams in the state of Missouri any time in the
9 near future?

10 A. We do.

11 Q. Are those plans contingent upon ETC status?

12 A. They're contingent on the build-out and the
13 activity in the state.

14 Q. Page 8, you indicate that U.S. Cellular has
15 a call completion rate of about 98 percent. I think you
16 used the word roughly 98 percent. Once again, just so
17 we're on the same page, could you define call completion?
18 What do you mean by that?

19 A. Simply it's completed calls divided by
20 attempted calls.

21 Q. Are you familiar with the phrase dropped
22 calls?

23 A. I am.

24 Q. Could you tell me what that means?

25 A. It's a call that terminates before the

1 customer is ready for that call to end.

2 Q. So in other words, if I was using my United
3 States Cellular handset from my Columbia office and I
4 tried to call you and in the middle of our conversation I
5 get the little thing says signal lost, that's a dropped
6 call?

7 A. It could be.

8 Q. What else could it be? What else would you
9 call it?

10 A. I would call it a dropped call. It could
11 also -- I would call it a dropped call.

12 Q. When you're calculating your 98 percent
13 rate -- well, let me back up.

14 Do you track -- somehow track the number of
15 dropped calls within a given time period?

16 A. We do.

17 Q. By customer?

18 A. We don't track them by customer.

19 Q. But do you track in the aggregate the
20 number of --

21 A. Let me restate so I'm clear. We track --
22 we do have data by customer, but we track for system
23 measurement purposes is aggregate.

24 Q. So back to my example, with me calling you
25 and somehow for some reason the call was interrupted,

1 there would be some -- something in the computer system or
2 something that would indicate that that was a call that
3 got dropped?

4 A. Yes.

5 Q. And are these numbers that you get on
6 dropped calls, are they somehow calculated into your call
7 completion rate?

8 A. Yes, they are.

9 Q. Okay. Page 9, you describe -- use the
10 phrase RF analysis. I'm assuming that means radio
11 frequency analysis?

12 A. That's correct.

13 Q. You describe an RF analysis program that's
14 used for U.S. Cellular's network coverage models,
15 assumptions and coverage predictions. Is this the type of
16 RF analysis also referred to in the industry as a
17 propagation analysis?

18 A. The tool can be used for propagation
19 analysis.

20 Q. Is there a difference, and if there is,
21 could you tell me what it is?

22 A. Difference between?

23 Q. I want to make sure we're using the same
24 terms. Could you define, if you would, when I say
25 propagation analysis, what do you think of?

1 A. I think of coverage predictions and
2 predictive tools.

3 Q. Coverage predictions and predictive tools.
4 And you're familiar and well versed in the area of
5 propagation analysis?

6 A. I'm not an expert in it, no.

7 Q. Well, are you familiar with it?

8 A. I'm familiar with it.

9 Q. Would you say you're well versed?

10 A. I am familiar with it.

11 Q. Familiar. Okay. Just so you know, I'm not
12 familiar with it, nor am I well versed. Are you aware
13 that as part of discovery in this case, CenturyTel
14 requested and, after initial objection by United States
15 Cellular, was eventually provided a propagation analysis
16 prepared by U.S. Cellular showing U.S. Cellular's coverage
17 for its now existing and proposed new cell sites?

18 A. Is that what you referred to earlier today?
19 I didn't know if you had it or not.

20 Q. Well, are you aware that as part of the
21 discovery this went on?

22 A. Yes.

23 Q. Okay. Exhibits 1 and 2, and I guess
24 Exhibit 3 with the transparency, is that what that shows,
25 U.S. Cellular's propagation analysis for the existing and

1 proposed coverage area with the new cell sites?

2 A. It is.

3 Q. And that accurately reflects what was
4 provided to CenturyTel?

5 A. Yes.

6 Q. So if you -- if the Commission would look
7 at Mr. Brown's testimony where he's represented, here are
8 the maps, here -- with existing sites and here are the
9 maps with the new cell sites, that information in
10 Mr. Brown's testimony correlates well or is similar to or
11 not substantially different than what has been marked here
12 as Exhibits 1, 2 and 3, as far as you know?

13 A. I didn't review that, so I couldn't say.

14 Q. Did you personally perform U.S. Cellular's
15 propagation analyses that were provided to either -- let's
16 back up.

17 The propagation analysis that's here as
18 Exhibits 1, 2 and 3, did you perform those yourself?

19 A. No.

20 Q. Who did?

21 A. People on my team.

22 Q. Did they do it under your direct
23 supervision?

24 A. Under my -- could you rephrase?

25 Q. The people on your team, did they run it by

1 you before they provided it out to the Commission or to
2 us?

3 A. Yes.

4 Q. So you reviewed it?

5 A. I saw it, yes.

6 Q. You saw it. But you don't want to attest
7 to its accuracy or --

8 A. I believe that it's accurate.

9 Q. You believe it's accurate. Okay. I
10 noticed that when I was going back in the record to see
11 how that information was provided to CenturyTel, the data
12 requests were under the signature of someone named
13 Bradley L. Stein, who's not a witness here. Could you
14 tell me who Mr. Stein is?

15 A. Yes. Mr. Stein is a U.S. Cellular
16 associate.

17 Q. What does he do for U.S. Cellular?

18 A. He works in our external affairs
19 organization.

20 Q. Have you -- you said something just a
21 minute ago that I'm kind of puzzled about. Have you
22 reviewed the rebuttal testimony and schedules of
23 Mr. Brown?

24 A. I have reviewed parts of that. I've
25 reviewed parts of the testimony.

1 Q. Which parts would those be?

2 A. I'd have to look back at it to tell you
3 which pages I had reviewed.

4 Q. Did you review his schedules?

5 A. No.

6 Q. Even the schedules that weren't deemed
7 highly confidential?

8 A. No.

9 Q. So you haven't -- well, do you know if
10 Mr. Brown performed an independent propagation analysis?
11 And by independent I mean separate from the analysis
12 provided by U.S. Cellular.

13 A. I don't know.

14 Q. You don't know. Is there some reason that
15 you didn't?

16 A. I didn't do it.

17 Q. So based on your limited review, you
18 couldn't tell me whether or not Mr. Brown's propagation
19 study contained in his rebuttal testimony correlates well
20 with the study conducted by U.S. Cellular, could you?

21 A. I didn't review that testimony.

22 Q. So at least as -- at least as far as you're
23 concerned, as a witness here today, I mean, you can't take
24 issue with the way Mr. Brown conducted his analysis or
25 question it in any way, can you?

1 A. I don't know how it was done.

2 Q. Well, could you answer my question? I know
3 you don't know how it's done, but you can't take issue
4 with what he's done because you don't know how he did it,
5 right?

6 A. I have no basis for taking issue with it or
7 not.

8 Q. I would assume that would also carry over
9 the statistical results he reached?

10 A. I did not review the statistical results.

11 Q. Do you know if anybody who's a witness here
12 today on behalf of U.S. Cellular has reviewed Mr. Brown's
13 propagation analysis and statistical results?

14 A. No, I don't know.

15 Q. You don't know. Page 10, you describe
16 types of equipment U.S. Cellular uses to provide service
17 to customers who request service, and one of those types
18 of equipment is something called a -- and I may
19 mispronounce this, so please correct me -- a Yagi antenna?

20 A. Correct.

21 Q. Did I pronounce that right?

22 A. You did.

23 Q. What is a Yagi antenna?

24 A. It's a small antenna designed for purposes,
25 much like a repeater.

1 Q. Smaller than a small satellite dish,
2 physically?

3 A. It's about the same size as a repeater
4 (indicating).

5 Q. Okay. Could you explain under what
6 conditions U.S. Cellular would use or deploy a Yagi
7 antenna?

8 A. Yes. In scenarios where it's not possible
9 to deploy a full cell site and we still need to get signal
10 into a specific area, we might -- a Yagi antenna would be
11 one of the solutions we could use to bring signal into an
12 area that otherwise wouldn't be served.

13 Q. I'm technically impaired here, so let's say
14 I'm living out west of Columbia someplace, and for some
15 reason I can't get my handset to work, my U.S. Cellular
16 handset. One of the things you might do is come to my
17 premise someplace and place a Yagi antenna at the customer
18 site or somewhere nearby?

19 A. Yes. What we could do, one of our options
20 is to go to a customer premise, say it's inside an office
21 building, concrete walls, and we need to get signal inside
22 that building. This is a solution that can help bring
23 signal inside that building.

24 Q. You mentioned concrete walls. There are a
25 lot of things like that, terrain and other factors that

1 can affect signal coverage, right?

2 A. Yes.

3 Q. Give me some examples of what might affect
4 that.

5 A. Physical structures, concrete walls,
6 terrain like you described. Those are significant ones.

7 Q. Anything else you can think of that might?

8 A. Those are the significant ones.

9 Q. Tower height might?

10 A. That's a way to offset terrain challenges,
11 sure.

12 Q. Okay. If I was to drive by a customer
13 premise where you had installed a Yagi antenna and I was
14 using my U.S. Cellular handset right here, would I be
15 likely to get signal coverage using that equipment?

16 A. I couldn't say. I'd need to know the
17 specifics. I couldn't say generally yes or generally no.

18 Q. Well, what information would you need to
19 know to answer that question?

20 A. What I would need to know is how well that
21 antenna performed in the particular area where we've
22 deployed it.

23 Q. Mr. Poston asked you some questions about
24 E911 and emergency service, I believe. I think on page 3
25 you state that you upgraded your network to offer E911

1 Phase 2 service; is that correct?

2 A. We do offer E911 Phase 2.

3 Q. And that's on that CMDA platform, is that
4 how that's provisioned?

5 A. Our technology is CDMA, but there are other
6 ways to provision the service.

7 Q. The other one is TDMA, is the other
8 technology that's like a generation before that; is that
9 right?

10 A. Yes.

11 Q. So I assume that, as of today, as we sit
12 here today, you're telling me that U.S. Cellular offers
13 E911 Phase 2 service in its Missouri service territory?

14 A. We offer E911 Phase 2 in every -- every
15 place that a PSAP is technically able to support it and
16 then requests that from us.

17 Q. Just wanted to make sure I understood that.

18 Aside from the incumbent local exchange
19 carriers in your licensed territory, does U.S. Cellular
20 face competition from other wireless carriers in your
21 territory?

22 A. We do.

23 Q. Can you tell us who those might be?

24 A. Who our competitors are in Missouri?

25 Q. Yeah.

1 A. Verizon is one, Sprint is another, and
2 there are others.

3 Q. How many others, do you know?

4 A. It varies from place to place.

5 Q. Is there a place that you don't face
6 wireless competition that you're aware of?

7 A. Where we currently have service? Not that
8 I'm aware of.

9 Q. Do you know if any of those wireless
10 carriers in competition with you, are any of them
11 currently ETCs?

12 A. I don't know.

13 Q. You don't know. Do you know if any of them
14 have applied for ETC status in Missouri?

15 A. Not that I'm aware of.

16 MR. STEWART: Mr. Lowell, thank you. I
17 think that's all I have.

18 JUDGE WOODRUFF: All right. Thank you.
19 Then for the Small Telephone Company Group.

20 MR. ENGLAND: Thank you, your Honor.

21 CROSS-EXAMINATION BY MR. ENGLAND:

22 Q. Good morning, Mr. Lowell.

23 A. Good morning.

24 Q. My name is Trip England. I represent the
25 Small Telephone Company Group in this proceeding.

1 I've got a couple of questions regarding
2 your testimony, and if I can, let me refer you first to
3 page 2, lines 4 and 5. Are you there?

4 A. I am.

5 Q. Okay. If I'm reading correctly, you say,
6 to date we have built our network to cover the highways
7 and major towns and are now expanding to small towns in
8 rural areas. Do you see that?

9 A. I do.

10 Q. Is it fair to say that to date U.S.
11 Cellular's investment in Missouri has been in non-rural
12 areas?

13 A. No.

14 Q. Okay. Is it fair to say that your
15 investment to date has been in lower-cost areas in
16 Missouri?

17 A. Can you restate that, please?

18 Q. Sure. Is it fair to state that your
19 investment to date in Missouri has been in lower-cost
20 areas?

21 A. I'm not sure how you're defining lower
22 cost. The investment's been across the areas that I
23 identify here in this testimony, highways, major towns,
24 small towns and rural areas.

25 Q. Is it your understanding that highways and

1 major towns represent a higher density of potential
2 customers?

3 A. I would expect that major towns would.
4 Highways, not necessarily.

5 Q. Even with the roaming traffic?

6 A. Right. It depends on just that, is the
7 traffic.

8 Q. Is it your understanding that at least
9 major towns having a higher density than smaller towns
10 we'll say would likely have lower cost versus smaller
11 towns?

12 A. Yes, I think that's reasonable.

13 Q. Okay. And so then can I make the next
14 quantum jump to the conclusion that, at least to date,
15 investment in Missouri has been in lower-cost areas
16 relative to other areas where it might be higher cost to
17 invest?

18 A. Can you restate that, please?

19 MR. ENGLAND: Maybe it would be best if the
20 court reporter read it back. I'm not sure I can get it
21 the same a second time.

22 THE REPORTER: "Question: Okay. And so
23 then can I make the next quantum jump to the conclusion
24 that, at least to date, investment in Missouri has been in
25 lower-cost areas relative to other areas where it might be

1 higher cost to invest?"

2 THE WITNESS: There has been investment in
3 lower-cost areas.

4 BY MR. ENGLAND:

5 Q. On the whole, would you say or generally
6 would you say your investment has been in lower-cost areas
7 relative to higher-cost areas?

8 A. Not more so, no. Is that what you're
9 asking?

10 Q. Correct. So what you're telling me, I
11 think, is that you don't consider highways and major towns
12 synonymous with non-rural areas or lower-cost areas?

13 A. Major towns I would consider non-rural, and
14 maybe I got confused when you asked me a minute ago. I
15 would say lower-cost highways I think are not necessarily
16 one or the other.

17 Q. You go -- excuse me. I'm still on page 2.
18 You go on to say, I believe, on lines 5 through 7 that
19 high-cost support will accelerate our ability to expand
20 coverage and improve service quality to people in rural
21 Missouri. Do you see that?

22 A. I do.

23 Q. I believe you echo that notion or that
24 statement at page 11, lines 22 -- excuse me -- 21 and 22.
25 Do you see that?

1 A. I do.

2 Q. And is that correct --

3 A. Uh-huh.

4 Q. -- to say that?

5 A. Yes.

6 Q. Is it fair to say that U.S. Cellular is
7 going to extend or improve coverage in rural Missouri even
8 without universal service support, just not as rapidly as
9 it would with universal service support?

10 A. Over time I want to see us cover the entire
11 state of Missouri, over time.

12 Q. So it's fair to say, then, that you will
13 extend or improve your coverage throughout the state and
14 in rural areas whether or not you receive universal
15 service support; universal service support just allows you
16 to do it faster?

17 A. Universal service support would allow us to
18 do it much faster.

19 Q. Is it also your testimony that none of the
20 proposed 16 cell sites that have been discussed here will
21 be constructed if U.S. Cellular is not designated an ETC?
22 And I apologize for the double negative.

23 A. If I understood you correctly, that's not
24 my testimony.

25 Q. Okay. So it is possible that some or all

1 of these 16 sites could be constructed without the benefit
2 of universal service support?

3 A. It's possible over -- over a significant
4 time that that could happen.

5 Q. Let me switch gears on you. Page 2,
6 line 15 through 16, you note that U.S. Cellular offers a
7 large number of rate plans that include a variety of local
8 calling areas and varying numbers of local calling
9 minutes. Do you see that?

10 A. I do.

11 Q. And it's my understanding -- correct me if
12 I'm wrong -- that if designated as an ETC, U.S. Cellular
13 will seek USF support for all customers on all calling
14 plans?

15 A. I'm not -- I'm not the best to respond to
16 calling plans. I'm just not an expert there.

17 Q. Who would that question best be directed
18 to?

19 A. I guess I would defer to our counsel to
20 help me figure that out.

21 Q. Unfortunately, he's not a witness. In your
22 estimation, would Mr. Wright be more of an appropriate
23 person?

24 A. Certainly, absolutely he would be.

25 Q. You had a conversation with Mr. Stewart

1 about the Yagi antennas. Do you recall that?

2 A. Yes.

3 Q. I'm not sure -- I'm probably less
4 technologically adept than Mr. Stewart, so I'm not exactly
5 sure what the Yagi antenna is. Is it sort of the same
6 thing as the pigtail antenna that we used to see on cars
7 or still do in some instances?

8 A. No. It's very similar to a small repeater
9 antenna.

10 Q. You're going to have to help me because I
11 don't know what a repeater is either.

12 A. I'm not sure, are you asking --

13 Q. Can you kind of describe it in words, what
14 it looks like, how big is it, where does it go?

15 A. It's -- they can vary in size from table
16 top to here to here (indicating), and they go -- they're
17 mounted in areas where they can help propagate an RFC.

18 Q. When you say about this size, would that
19 roughly be the size of the old antennas on TVs, the rabbit
20 ears that we used to have?

21 A. I'd say somewhere between a foot and two
22 and a half feet.

23 Q. And does a Yagi antenna both receive and
24 transmit?

25 A. It propagates. It will -- let me read from

1 my testimony so I get it accurate. The best way I could
2 describe it is that it will focus -- as my testimony says,
3 it will focus the RF signal in a particular direction, so
4 it will propagate that signal into a particular area.

5 Q. Well, and I understand that that would help
6 then the customer better receive the cellular signal,
7 correct?

8 A. Correct.

9 Q. And I guess my question is, would it also
10 help him better send the cellular signal when he makes a
11 call?

12 A. It would enable someone to have service.

13 Q. Now, what's the difference between a Yagi
14 antenna and a repeater that you mentioned a minute ago?

15 A. I couldn't define the difference for you.

16 Q. Are there limitations in how far from a
17 cell site or whatever your base of operations is that a
18 Yagi antenna is effective?

19 A. There are limitations.

20 Q. For example, what would they be?

21 A. I'm not an RF expert, nor am I an antenna
22 expert. I would estimate several hundred feet.

23 Q. Turning your attention to what I think has
24 been marked as Exhibit No. 1, the map of Missouri with
25 the -- I believe the existing as well as proposed coverage

1 of U.S. Cellular, can you see that from over there, sir?

2 A. Yes.

3 Q. I'll try to get it a little closer. I'm
4 interested in the area of southeast Missouri where there
5 does not appear to be any existing coverage nor any
6 proposed coverage, at least with the 16 cell sites. Would
7 you agree with me?

8 A. You said you're interested in that area?

9 Q. Yes.

10 A. Okay.

11 Q. And one of the small telephone companies
12 that has intervened in this case and for which you seek
13 designation as an ETC is BPS Telephone Company. They
14 serve the three exchanges of Bernie, Parma and Steele down
15 here in the southeast corner. Can you visualize that from
16 the map?

17 A. Yes.

18 Q. And what I'm looking at or what I'm
19 assuming, and I need for you to correct me or not, that a
20 customer in Bernie, Parma or Steele down here in the
21 bootheel, the southeast part of the state, is likely not
22 going to be able to get service even with a Yagi antenna
23 or a repeater given the distance away from which your
24 existing coverage is, if you will?

25 A. Not necessarily. There may be resale or

1 roaming arrangements in place that would allow that
2 customer to have service.

3 Q. With a Yagi antenna or would you be
4 providing them service through resale or roaming?

5 A. It could be either way. Either way it
6 would work.

7 Q. So the Yagi antenna could actually
8 propagate your signal off of some other wireless carrier's
9 cell site?

10 A. It could propagate signal, yes.

11 Q. Off of someone -- off of another wireless
12 carrier's cell site?

13 A. It would propagate that carrier's signal.

14 Q. Well, would that customer down in Bernie,
15 Parma or Steele then become a customer of that wireless
16 carrier or would he be a customer of U.S. Cellular?

17 A. I don't know. I don't know how the
18 arrangement would be made. That's the way technically it
19 would be possible.

20 Q. As a general matter, if you had a request
21 for service down here in the bootheel, and seeing your
22 existing coverage as depicted on Exhibit No. 1, how would
23 you go about providing service to that customer?

24 A. I would start where you did, understanding
25 what the -- what our coverage map shows. Then I would

1 look next -- if our coverage map doesn't show that we
2 could cover that area from our cell site, I would want to
3 understand what's possible through either a resale or a
4 roaming arrangement.

5 Q. You also say in your testimony, I believe
6 it's page 10, lines 19 and 20, referencing repeaters and
7 Yagi antennas, that you are using this equipment
8 successfully in Missouri. Do you see that?

9 A. I do.

10 Q. Where are you using that in Missouri today?

11 A. I don't know the specific locations, but
12 we're using those today.

13 Q. Do you know how many Yagi antennas or
14 repeaters you're using today?

15 A. No, I don't.

16 Q. Do you have any idea what the amount of the
17 investment is in those Yagi antennas or repeaters?

18 A. No.

19 Q. Okay. Would it, in your opinion, be
20 significant or insignificant?

21 A. I don't know.

22 Q. Let me turn your attention now to page 12
23 of your testimony, lines 11 and 12. Are you there?

24 A. Yes.

25 Q. I believe you state, we have areas where

1 signal strength is weak and where our business plan would
2 only support construction of new facilities with high-cost
3 USF support. Do you see that?

4 A. I do.

5 Q. I assume from that statement that you have
6 business plans that would support construction of new
7 facilities in areas where you do not need high-cost
8 support. Is that a correct assumption?

9 A. It is.

10 Q. Do you also have business plans that would
11 show additional construction or additional facilities that
12 you could build with high-cost support?

13 A. We do.

14 MR. ENGLAND: May I have an exhibit marked,
15 please?

16 JUDGE WOODRUFF: You may.

17 MR. ENGLAND: These are a series of Data
18 Requests and responses that were submitted by the Small
19 Telephone Company Group to T-Mobile and T-Mobile's
20 responses.

21 JUDGE WOODRUFF: We're up to No. 19.

22 MR. ENGLAND: I apologize. We're in
23 arbitration with a number of wireless carriers and I'm
24 becoming a little bit confused. I meant responses from
25 U.S. Cellular in the context of this case. I apologize.

1 (EXHIBIT NO. 19 WAS MARKED FOR

2 IDENTIFICATION BY THE REPORTER.)

3 BY MR. ENGLAND:

4 Q. Mr. Lowell, would you turn your attention
5 to what I believe has been marked for purposes of
6 identification as Exhibit No. 19. And as I indicated on
7 the record, these are a series of Data Requests that we
8 submitted to U.S. Cellular in this proceeding, and
9 attached are some of -- well, the Data Requests and the
10 responses that we've received.

11 First of all, are you familiar with these?

12 A. I have not reviewed them, no.

13 Q. Take a moment, if you would, on the first
14 page and look at the question that is asked, which is the
15 top half, if you will, of that page. Let me know when
16 you -- you don't need to read it out loud, just read.

17 A. I'm sorry. Which part would you like me to
18 read?

19 Q. The top half.

20 A. Okay.

21 Q. Okay. Would you agree with me that this
22 Data Request addresses in essence the same subject matter
23 as your testimony, and that is referencing business plans
24 and the support of construction of new facilities by U.S.
25 Cellular?

1 A. Can you restate that?

2 Q. Sure. Would you agree with me that the
3 Data Request seeks certain information about your business
4 plans for the construction of new facilities?

5 A. Yes.

6 Q. And specifically with respect to Item B, we
7 ask that you designate each area where no business plan
8 supports construction of new facilities. And I believe
9 your response was, see response to 1.11, paren F, end
10 paren, above, which is an earlier Data Request, and that
11 is attached on the three pages. Do you see that?

12 A. I do.

13 Q. Page -- well, the page number down at the
14 bottom is 14. It's actually three pages in. And Item F,
15 which is referenced in your -- or excuse me -- in U.S.
16 Cellular's responses, initially an objection, but
17 essentially, if you'd take a moment to read this, would
18 you agree with me that U.S. Cellular in response to
19 1.16(b) states that it cannot identify these areas with
20 specificity?

21 A. I'm not following what you're asking me to
22 read.

23 Q. Sure. Essentially what I'm asking is, when
24 we asked U.S. Cellular to identify each area where no
25 business plan supports construction of new facilities,

1 U.S. Cellular answered that it cannot identify these
2 facilities. Would you agree with that?

3 A. I agree that's what it says.

4 Q. Would you agree with that conclusion, based
5 on your knowledge of U.S. Cellular and its business plans
6 as we've discussed here?

7 A. Let me reread this piece.

8 I've reread. Can you restate the question?

9 Q. I'll try once again. Essentially, we've
10 asked for each area where no business plan supports
11 construction of new facilities. And you've indicated by
12 referencing an earlier Data Request in essence that you
13 cannot identify these areas.

14 A. I'm not clear on what that's saying. What
15 I -- my understanding is that we -- from what -- the way I
16 interpret this is it's saying we can't identify areas
17 where we can't go in and build. Is that an accurate
18 understanding of this?

19 Q. Well, if you didn't prepare the response,
20 I'm not sure I can give you any better guidance on what
21 Mr. Stein or whoever prepared this was saying.

22 A. And I don't know that I can answer you
23 better.

24 Q. Well, I mean, based on your own personal
25 knowledge, can you identify areas where no business plan

1 supports construction of new facilities?

2 A. I could. I could identify areas where a
3 business plan would not support construction.

4 Q. And that would relate back to your earlier
5 testimony that you do, in fact, have business plans for
6 the construction of facilities with as well as without
7 support; is that right?

8 A. No, not necessarily. I could say that
9 there were -- there are not plans for every -- we don't
10 have plans everywhere. We don't have business plans that
11 tell us every place where it may be something we could
12 build or not.

13 Q. Do you have business plans to build
14 facilities other than the 16 cell sites that have been
15 identified in this proceeding?

16 A. We have plans to build cell sites in 2006,
17 yes.

18 Q. That are different than, in addition to, if
19 you will, the 16 cell sites that you've identified in this
20 proceeding?

21 A. Yes.

22 Q. Item C of Data Request 1.16, we asked you
23 to identify with specificity or provide the following:
24 The facilities that would be constructed to improve signal
25 strength. And again, the reference is to another Data

1 Request 1.08, and that also is attached. I believe it
2 would be -- the page number at the bottom, which is out of
3 order, would be No. 9.

4 A. Okay.

5 Q. And essentially -- take a moment to read
6 that, if you would, but essentially the only facilities
7 that you've identified or U.S. Cellular has identified
8 that would be constructed to improve signal strength are
9 the 16 proposed cell sites; is that right?

10 A. Let me read this version. Okay.

11 Q. So the only reference we have in response
12 to this Data Request is the 16 cell sites that have been
13 discussed and proposed in this proceeding, right?

14 A. Okay.

15 Q. If I understand your testimony, you're
16 telling me you had business plans to construct other cell
17 sites in addition to those that would improve coverage?

18 A. We do.

19 Q. Item 1.16(d) says, please provide support
20 for any business plan or internal analysis regarding the
21 preceding, which are the three subquestions or
22 subcategories of questions above there, and U.S.
23 Cellular's response is, see response to 1.11(d), 1.11(e),
24 1.13, 1.14 and 1.15 above, and they are all attached.

25 A. Okay.

1 Q. The gist of those answers, as I understand,
2 is that no such studies, work papers or documentations
3 exist, as well as no state-specific budgets of capital
4 expenditures exist. Would that be inconsistent with your
5 understanding?

6 A. Make sure I'm following you. Are you
7 asking me if I understand that we have capital budget or
8 do not have capital budgets to build out?

9 Q. Let's talk about the business plans. My
10 understanding is you do have business plans?

11 A. We have business plans.

12 Q. And so to the extent regarding the
13 construction of facilities in Missouri that would improve
14 service coverage, in addition to the 16 sites that you've
15 proposed, correct?

16 A. In addition, yes.

17 Q. Okay. And to that extent, to the extent
18 that you've answered or whoever has answered for U.S.
19 Cellular no studies or work papers or documentation
20 exists, that would not be true?

21 A. We have business plans that support
22 investment in Missouri next year.

23 Q. On the 16 cell sites that you've disclosed?

24 A. We have a build plan that we execute year
25 in/year out throughout Missouri and the other parts of my

1 region.

2 Q. Do you also have a state-specific budget?

3 A. No, I don't have a state-specific budget.

4 Q. Do you have state-specific financial
5 information regarding historical expenditures of plant in
6 Missouri?

7 A. I do not.

8 Q. Do you know if the company does?

9 A. I do not.

10 Q. Have you seen any?

11 A. I have not.

12 Q. Do you know if there are state-specific
13 income statements for U.S. Cellular's operations in
14 Missouri showing that?

15 A. I don't know.

16 Q. I'm sorry. Those would show revenues and
17 expenses on a statewide basis?

18 A. I don't know that.

19 Q. Would that also be true for further
20 stratification within the state between rural and
21 non-rural areas?

22 A. Would that be true?

23 Q. In other words, if you don't have
24 state-specific information regarding capital investments,
25 budgets --

1 A. Right.

2 Q. -- revenues and expenses, I'm assuming you
3 don't have it broken down between rural and non-rural
4 areas within the state of Missouri?

5 A. I don't have data broken down rural versus
6 non-rural.

7 Q. Do you have it broken down by wire center
8 in Missouri?

9 A. We don't have it broken down by wire
10 center.

11 Q. Let me turn to the second to last page of
12 that Exhibit No. 19 and just confirm something that I
13 believe you've just told me. It's page 1 of an
14 August 22nd letter to me from counsel, Mr. Zobrist.
15 Item 3 at the bottom of that page, it says -- are you
16 following me?

17 A. I am.

18 Q. U.S. Cellular does not compile or maintain
19 its historical capital expenditures data by state. I'm
20 interested in that. You're telling me you agree, at least
21 to your knowledge?

22 A. Yes.

23 Q. Okay. Next page, Item 4, DR 1.13, U.S.
24 Cellular does not compile or maintain capital expenditures
25 budgets for its Missouri operations. Do you confirm that

1 as well?

2 A. That's correct.

3 Q. But it does have business plans; is that
4 right?

5 A. We do have business plans, yes.

6 Q. What's the difference between a business
7 plan and a budget?

8 A. A plan is forward-looking and a budget is
9 what we execute.

10 Q. A budget's forward-looking as well, isn't
11 it?

12 A. That's my definition.

13 MR. ENGLAND: Thank you, sir. I have no
14 other questions.

15 JUDGE WOODRUFF: Mr. England, did you wish
16 to offer 19?

17 MR. ENGLAND: Yes, sir, I do.

18 JUDGE WOODRUFF: Exhibit 19 has been
19 offered into evidence. Are there any objections to its
20 receipt?

21 (No response.)

22 JUDGE WOODRUFF: Hearing none, it will be
23 received into evidence.

24 (EXHIBIT NO. 19 WAS RECEIVED INTO
25 EVIDENCE.)

1 JUDGE WOODRUFF: For SBC?

2 CROSS-EXAMINATION BY MR. GRYZMALA:

3 Q. Hello, Mr. Lowell. I just have a
4 couple of questions. There was discussion between you and
5 Mr. Stewart with regard to the term rural Missouri. Would
6 you agree that the area reflected in Exhibits 1, 2 and 3
7 in the bottom right-hand corner, what we would call the
8 bootheel, southeast Missouri, that would be rural
9 Missouri?

10 A. I don't know the population density well
11 enough to -- I don't know that I can draw a fine line for
12 you. I would say it's not -- I wouldn't consider it a
13 major town, like I would Columbia or Springfield.

14 Q. But fairly well stated, absent a major town
15 the size of Columbia, for example, that would be rural
16 enough for you?

17 A. I would want to know what the population
18 densities are to be able to say, yes, that this is rural
19 or this is not.

20 Q. You had been asked by Mr. England how you
21 might go about serving the customer request for service in
22 the southeast Missouri area. Do you recall that
23 discussion?

24 A. I do.

25 Q. And if I recorded -- I was trying to write

1 as you spoke, sir, and if I got this right, tell me, that
2 you would be inclined first to refer to your own coverage
3 and then tend to look at your resale operations, retail
4 agreements?

5 A. I would look at our coverage, and I would
6 look at what opportunities we have to serve the people.

7 Q. Right. Would you agree that in the
8 southeast area here, as is reflected on -- well, let me
9 back up.

10 Exhibits 1, 2 and 3 were prepared by -- did
11 I get it correctly -- your team?

12 A. Yes.

13 Q. Okay. So would I be fair in assuming that
14 if a customer request came in from an individual, a
15 resident in southeast Missouri, you don't have signal
16 coverage today, and you would not have signal coverage
17 even after the 16 proposed towers are constructed in the
18 southeast Missouri area; is that correct?

19 A. Yeah. Based on that map, we don't show our
20 own U.S. Cellular coverage there, that's correct.

21 Q. You mentioned to Mr. England, am I correct,
22 that U.S. Cellular has business plans to build cell sites
23 in 2006 above and beyond the 16 that are shown in
24 Exhibits 1, 2 and 3?

25 A. Correct.

1 Q. Are any of these cell sites planned to be
2 built out in rural Missouri?

3 A. I don't know the location of all of the
4 cell sites that we plan to build.

5 Q. Who would know that?

6 A. Folks on my team would know locations.

7 Q. But you don't know that today?

8 A. No. I don't know locations.

9 MR. GRYZMALA: That's all I have, your
10 Honor.

11 JUDGE WOODRUFF: Come up to questions from
12 the Bench then. And the first thing I wanted to talk to
13 you about is, Commissioner Murray can't be here today, but
14 she did leave me a list of questions that she wanted to
15 ask. I'm just going to go down the list.

16 QUESTIONS BY JUDGE WOODRUFF:

17 Q. First explain your standard 911 services
18 differentiated from E911 Phase 2 service.

19 A. Standard 911 service, we have less -- we
20 don't have the ability to pinpoint with a high degree of
21 accuracy where a caller is calling in from. What we --
22 all we know, all the PSAP knows is what the caller tells
23 them in terms of their location.

24 Phase 2 E911, we actually deliver -- the
25 handset delivers over the air the coordinates, the

1 location of the handset at the time the 911 call is placed
2 to a much higher degree of accuracy for that 911 call.

3 Q. Can you define for me what a PSAP is?

4 A. Yes. Public safety answering point. It's
5 a location that would receive a 911 call.

6 Q. Is that the same as the cell tower or is
7 that something different?

8 A. It's something different. It's a -- it's
9 an agency, an organization. It can be a sheriff's office
10 that actually receives a 911 call. When someone calls
11 911, the calls goes to that office.

12 Q. I see. So with the standard 911 service,
13 they would just know that it was something coming from
14 their coverage area?

15 A. Right.

16 Q. But they wouldn't be able to identify, and
17 with the enhanced 911, they'd be able to tell it's at mile
18 marker 355 on Interstate 70?

19 A. We could get even more precise. With the
20 chip that's in the handset today, we can get a very, very
21 high degree of accuracy exactly where that person is
22 located that's calling 911.

23 Q. So it's in the bedroom at the house at such
24 and such an address?

25 A. It's possible. It's possible to get that

1 close. It's possible to get that close.

2 Q. How many PSAPs are there in Missouri?

3 A. I don't know the answer to that.

4 Q. How many PSAPs are Phase 2 capable?

5 A. No, I don't know how many are.

6 Q. Is that something that most would be or do
7 you know at all?

8 A. Over time, more and more are becoming
9 Phase 2 capable. It's a PSAP by PSAP decision on whether
10 they do become -- whether they choose to become capable
11 and whether they invest to enable that.

12 Q. Okay. Are wireless carriers being required
13 by the FCC to provide E911 capability to all their
14 customers by date certain as voice over Internet providers
15 are required to do?

16 A. We are required to provide that capability.

17 Q. Is there a certain date when you have to do
18 it?

19 A. I don't remember the date. There is. I
20 don't recall the date.

21 Q. Okay. Are there still technological
22 problems that exist for wireless deployment of E911, or is
23 it just a matter of getting everyone to switch to a
24 digital handset?

25 A. Can you ask that once more? I'm not sure

1 I'm clear.

2 Q. Are there still technological problems that
3 exist for wireless deployment of E911, or is it just a
4 matter of getting everyone to switch to a digital handset?

5 A. U.S. Cellular doesn't have any
6 technological problems with making E911 possible. Our
7 partners in making E911 work are the PSAPs, and it's all
8 possible. There are PSAPs who are E911 Phase 2 capable
9 today. So in my view it's not a technological barrier.

10 Q. Let me follow up on that. Does U.S.
11 Cellular find anything other than digital handsets? Are
12 there still analog handsets out there?

13 A. There are analog handsets out there.

14 Q. That are using your company?

15 A. Yes.

16 Q. Are there network problems related to
17 transmissions from tower sites?

18 A. Are there network -- say that again.

19 Q. Sure. Are there network problems related
20 to transmissions from tower sites? I'm not sure what it
21 means either, but that's what's on here.

22 A. I don't know what -- I'm not sure what's
23 being asked.

24 Q. Okay. Are there problems on the call
25 routing portion that is provided by the PSAPs?

1 A. We handle E911 Phase 2 every day, so if
2 there are, we're still able to provide the service.

3 Q. Then she asks, are they related to whether
4 the PSAP is Phase 2 capable?

5 A. A PSAP must be Phase 2 capable for Phase 2
6 service to work.

7 Q. And how many capability of phases have been
8 identified as PSAPs?

9 A. Three, I believe.

10 Q. Can you explain what those are?

11 A. No, I couldn't tell you the -- I couldn't
12 identify the differences beyond this. Phase 2 is where we
13 are today with the chip in the handset that enables us to
14 by coordinates locate the location of a mobile. And I
15 don't know if it was called Phase Zero, or I think there
16 was a Phase Zero, a Phase 1 -- it was either Phase Zero,
17 Phase 1 and Phase 2, or zero, .50 -- I don't remember the
18 numbers of phases. But the degree of accuracy increases
19 with each phase, and we're at the highest degree of
20 accuracy that anybody is at now with Phase 2.

21 Q. That's all of Commissioner Murray's
22 questions. I have a couple of questions of my own.

23 First of all, let me move the camera back
24 over to the map over here. Okay. Now, Exhibits 1 and 2
25 are what we're talking about here.

1 A. Okay.

2 Q. Particularly Exhibit 1. They are color
3 coded. There's four different colors here. I was hoping
4 you could explain what the colors mean.

5 A. I'll do my best. I'm color blind, so I
6 have to figure out another way to do it.

7 Q. Well --

8 A. The denser the color, the darkest colors on
9 the map show the most dense urban coverage.

10 Q. The dark green, and it calls it urban on
11 the legend here.

12 A. Right.

13 Q. Testing my eyesight here, too. They're
14 very small. We also have purples are suburban, the pinks
15 are rural, and the yellows are highway. What's the
16 significance of those four categories?

17 A. The significance is that it helps us
18 understand as we're designing and operating what to expect
19 from certain design criteria that we followed for a
20 particular area.

21 So, for example, when we measure the
22 coverage in a particular area, we can determine this is --
23 this will be excellent highway coverage, but it's not
24 going to be strong in building coverage, or this is strong
25 in building coverage and any car. So it helps us

1 understand the customer experience based on a level of
2 coverage that we have there.

3 Q. So for the yellow highway coverage,
4 somebody driving down the road in their car is probably
5 going to be able to get the house alongside the road, but
6 might it not be able to get through the walls of that
7 house?

8 A. Right. A house alongside the road, off the
9 road may be challenged in building coverage there.

10 Q. Okay. Now, there was also a lot of
11 questions about particularly southeast Missouri, because
12 looking at the coverage map, there is no coverage for
13 southeast Missouri for the bootheel. I'm assuming that
14 other -- there are other cellular carriers in Missouri, of
15 course?

16 A. Yes.

17 Q. Their coverage maps would look
18 substantially different than yours?

19 A. I couldn't tell you.

20 Q. Presumably there are some cellular
21 companies that are providing service in the bootheel?

22 A. Presumably. I can't speak to it.

23 Q. I believe you indicated that if you had a
24 customer down in Parma, for example, that wanted to get
25 service from U.S. Cellular, you might be able to resell

1 the services of another wireless carrier?

2 A. If there's another carrier there, that
3 would be an option that we would explore.

4 Q. I assume there would be a cost to U.S.
5 Cellular to do that?

6 A. I don't know the financial part of that
7 arrangement. I couldn't speak to it.

8 Q. Would it be an option for U.S. Cellular to
9 resell the services provided by a wireline company, or you
10 just have to resell other cellular?

11 A. Right. We offer mobile service.

12 JUDGE WOODRUFF: Okay. I believe that's
13 all the questions I have from the Bench. For recross,
14 Public Counsel?

15 MR. DANDINO: No questions.

16 JUDGE WOODRUFF: For Staff?

17 MR. POSTON: No questions.

18 JUDGE WOODRUFF: CenturyTel?

19 MR. STEWART: No questions. Thank you.

20 JUDGE WOODRUFF: Small Telephone Company
21 Group?

22 MR. ENGLAND: Just a couple, following up
23 on your question regarding the customer in Barney --
24 excuse me -- that's a combination of Bernie and Parma.

25 RE-CROSS-EXAMINATION BY MR. ENGLAND:

1 Q. Actually in Parma, Missouri, it's possible
2 that that customer, although living in Parma, may actually
3 work during the week in St. Louis, and that's why he would
4 want for whatever reason service from U.S. Cellular?

5 A. It's possible, yes.

6 Q. You have those kind of situations where the
7 billing address may be different from where they actually
8 use the phone; is that correct?

9 A. It's possible.

10 MR. ENGLAND: Thank you.

11 JUDGE WOODRUFF: And for SBC?

12 MR. GRYZMALA: No, your Honor.

13 JUDGE WOODRUFF: All right. Any redirect?

14 MR. LaFURIA: Yes, your Honor.

15 REDIRECT EXAMINATION BY MR. LaFURIA:

16 Q. Good morning, Mr. Lowell. I want to just
17 follow up on some of the questions that you got this
18 morning. First of all, would you talk just a little bit
19 about the question that you got concerning a Cingular
20 phone coming into your area, could you talk about with
21 respect to the technologies, GSM and CDMA, why a Cingular
22 customer would not be able to get service on your network?

23 A. It's simply a different technology. They
24 use a technology called GSM. They use a technology called
25 CDMA. It requires different infrastructure. The chip

1 sets are different. It's simply a different technology.

2 Q. Can you tell me whether customers who are
3 using analog or CDMA phones, even if they are not your
4 customers, U.S. Cellular's customers, whether they get the
5 benefits of 911 and E911 when they come to your market?

6 A. Customers with an analog handset don't have
7 the chip that enables GPS-based location identification,
8 so the short answer is they wouldn't be E911 Phase 2
9 capable because of their handset. CDMA handsets with the
10 GPS chips in them do get the E911 Phase-- E911 Phase 2
11 service.

12 Q. So the Alltel, Sprint and Verizon and other
13 networks who are using CDMA, all those customers traveling
14 anywhere within these areas --

15 A. Yes, sir.

16 Q. -- are going to receive those services?

17 A. That's correct. People on that
18 CDMA network will receive E911 Phase 2.

19 Q. You were asked a little bit about obstacles
20 to providing E911 services to consumers, and I think you
21 identified the PSAPs' readiness, I think is one of the
22 main reasons?

23 A. That's one.

24 Q. If you look at this map, can you identify
25 and tell me whether you think coverage is an obstacle to

1 providing someone with 911 or E911 service?

2 A. Coverage and reliable coverage absolutely
3 are obstacles.

4 Q. Is it fair to say that if someone lives in
5 one of these light-green-shaded areas, that if you build a
6 network, build towers in those areas, that people in those
7 areas are going to have a level of 911 and E911 service
8 that they didn't have before?

9 A. Absolutely. They don't have it. They do
10 not have E911 Phase 2 service without coverage.

11 Q. Is it possible they don't even have 911 at
12 all?

13 A. Yes, it's possible. If there's no
14 coverage, there's no call.

15 Q. You were asked a question about Life Line,
16 and it's in the testimony of one of U.S. Cellular's other
17 witnesses. Do you know whether U.S. Cellular offers Life
18 Line eligible consumers a telephone for one cent?

19 A. I don't know.

20 Q. Do you know whether U.S. Cellular has the
21 capability to toll block roaming, international and
22 900 calls?

23 A. Yes, we can toll block roaming,
24 international and 900 calls.

25 Q. And do you know whether those services are

1 going to be offered if the company is designated to Life
2 Line consumers without charge?

3 A. They will be.

4 Q. Is it possible that an area that's highly
5 trafficked here could also be an area that's high cost to
6 build?

7 A. Absolutely.

8 Q. The current estimate of support that U.S.
9 Cellular may receive the first year from the federal
10 high-cost support mechanism is roughly \$8 million. I
11 think that's been established, correct?

12 A. Correct.

13 Q. Let me ask you this: If U.S. Cellular were
14 to receive support based on its own costs and build out a
15 plan that contemplated that it would get \$9 million of
16 support in the first year instead of \$8 million, could you
17 generally tell me what that map would look like in terms
18 of the commitment you'd make to this Commission?

19 A. Much more green and much less white. It
20 would look very different to the way it does with those 16
21 on it.

22 Q. When a customer requests service from the
23 company, whether it's in an area where you now serve or in
24 an area that you don't serve, can you state for me the
25 company's commitment to that customer?

1 A. We do have a commitment. We have six steps
2 that we follow, and that's our commitment. We want to
3 provide people with service that will serve them, and we
4 will go through those steps to provide it.

5 Q. In terms of a deadline for providing 911 or
6 E911 Phase 2 service, is it true that -- or are you
7 familiar with the requirement that a carrier provide
8 Phase 2 service within six months of a PSAP being ready --

9 A. Yes.

10 Q. -- and requesting it?

11 A. I am.

12 Q. Do you know whether legally it is okay for
13 U.S. Cellular to resell service to consumers from the
14 wireline carriers?

15 MR. ENGLAND: Objection, calls for a legal
16 conclusion.

17 MR. LaFURIA: He was asked the question
18 whether the company could sell service via wireline
19 network, and that is the nature of my question, without
20 reaching a legal conclusion on that, do you know whether
21 the company could resell service on a wireline network?

22 JUDGE WOODRUFF: I'll overrule the
23 objection. Go ahead and answer the question.

24 THE WITNESS: It would be dependent on the
25 wireline service offering that, but we're a wireless

1 service provider.

2 BY MR. LaFURIA:

3 Q. Can you tell me how relevant do you think
4 it is, the particular propagation characteristics or other
5 mechanical ways for purposes of getting service out to a
6 consumer, how relevant is it the details of how a Yagi
7 antenna propagates signal or otherwise reaches a consumer
8 requesting service?

9 A. The details of how a Yagi antenna operates
10 or any other repeater operates is relevant to the
11 immediate office building that we're trying to serve, but
12 that's not the method that we would deploy to build out a
13 network to provide coverage to communities of consumers.
14 That's not the way to do it.

15 MR. LaFURIA: Your Honor, that's all I
16 have.

17 JUDGE WOODRUFF: Thank you. Mr. Lowell,
18 you can step down.

19 MR. LaFURIA: I'm sorry, your Honor, I
20 think that we may have failed to request the admission of
21 Exhibits 1 through 3, the three maps that are up here.
22 I'd like to request their admission now.

23 JUDGE WOODRUFF: They had not been admitted
24 before. Exhibits 1, 2 and 3 have been offered into
25 evidence. Are there any objections to their receipt?

1 (No response.)

2 JUDGE WOODRUFF: Hearing none, they will be
3 received into evidence.

4 (EXHIBIT NOS. 1, 2 AND 3 WERE RECEIVED INTO
5 EVIDENCE.)

6 JUDGE WOODRUFF: And you can call your next
7 witness.

8 MR. LaFURIA: Your Honor, U.S. Cellular
9 calls Nick Wright to the stand.

10 (Witness sworn.)

11 JUDGE WOODRUFF: You may inquire when
12 you're ready.

13 MR. LaFURIA: Thank you, your Honor.

14 NICK WRIGHT testifies as follows:

15 DIRECT EXAMINATION BY MR. LaFURIA:

16 Q. Good morning. Please state your name and
17 address.

18 A. My name is Nick Wright. I live at
19 10902 South 86th East Avenue in Tulsa, Oklahoma 74133.

20 Q. Are you the same Nick Wright that caused to
21 be filed direct testimony in this proceeding?

22 A. Yes, I am.

23 Q. Do you have any corrections to make to this
24 testimony?

25 A. Yes, I have two.

1 Q. Please go ahead.

2 A. First is on page 14, line 4.

3 JUDGE WOODRUFF: Is this on your direct or
4 rebuttal?

5 THE WITNESS: I'm sorry. My surrebuttal.

6 BY MR. LaFURIA:

7 Q. I'm sorry. I was asking about direct.

8 A. I do not.

9 Q. Thank you. If I were to ask you the same
10 questions contained in this testimony today, would your
11 answers be the same?

12 A. Yes, sir.

13 Q. And are your answers true and correct to
14 the best of your information, knowledge and belief?

15 A. Yes, sir.

16 MR. LaFURIA: Your Honor, I would move for
17 Exhibit 5 to be admitted into evidence.

18 JUDGE WOODRUFF: Exhibit 5 has been offered
19 into evidence. Are there any objections to its receipt?

20 (No response.)

21 JUDGE WOODRUFF: Hearing none, it will be
22 received into evidence.

23 (EXHIBIT NO. 5 WAS RECEIVED INTO EVIDENCE.)

24 BY MR. LaFURIA:

25 Q. Mr. Wright, do you have in front of you

1 surrebuttal testimony in this proceeding that you
2 previously filed?

3 A. Yes, I do.

4 Q. And did you have any corrections to make to
5 your surrebuttal testimony?

6 A. Yes, I do.

7 Q. Please go ahead.

8 A. Two of them, the first of which is on
9 page 14, line 4. I stated that we intended to amend our
10 application to add additional construction commitments.
11 In summary, we decided not to do this. We're going to
12 stick to our original commitment of the 16 cell sites at
13 approximately \$6 million. So it was the one change that
14 we did make.

15 Second change is on line 6 -- excuse me --
16 page 6, line 12. I misstated the company's local calling
17 area for its lowest rated plans. Our local plan does not
18 have a local calling area specific to our own properties.
19 It is the lower 48 states. So I misstated that within my
20 direct testimony.

21 Q. And do you have any corrections or changes
22 concerning the company's 125-minute local calling plan
23 that appears in your surrebuttal?

24 A. Yes, I do. I have gained approval last
25 week to offer a \$25 rate plan which would include

1 400 minutes of local usage into our portfolio of rate
2 plans. That will also be available in the Life Line
3 portfolio.

4 Q. Thank you. With those corrections, if I
5 were to ask you -- but for those corrections, if I were to
6 ask you the same questions that are contained in that
7 testimony today, would your answers be the same?

8 A. Yes, sir.

9 Q. And are your answers now true and correct
10 to the best of your knowledge, information and belief?

11 A. Yes, sir.

12 MR. LaFURIA: Your Honor, I'd move for the
13 admission of Exhibit 6 into evidence.

14 JUDGE WOODRUFF: Exhibit 6 has been offered
15 into evidence. Are there any objections to its receipt?

16 MR. STEWART: Your Honor, I don't have any
17 objections. I just had trouble following where those
18 corrections were being made, on the direct testimony or
19 surrebuttal.

20 THE WITNESS: Surrebuttal.

21 MR. STEWART: And where was the first one?
22 What page was the first one?

23 THE WITNESS: The first one is page 14,
24 line 4.

25 MR. STEWART: My page 14, line 4 says,

1 competitive carrier would likely attempt to be an ETC in
2 the state; is that right? I think we're on the wrong --

3 THE WITNESS: I'm referring to my statement
4 that I made on -- I guess my direct testimony was
5 misstated, on line 14 -- page 14, line 4. My apologies.

6 MR. STEWART: It may just be me. Page 14.

7 THE WITNESS: I'm reading my surrebuttal
8 right now, but it's obviously referring to what I misspoke
9 to.

10 MR. STEWART: Oh, okay. So the sentence
11 that you have from your direct that you have changed is,
12 as a result we are reassessing our earlier commitment and
13 intend to increase commensurate with the projected
14 increase. That is no longer optional?

15 THE WITNESS: That is correct.

16 MR. LaFURIA: I'm sorry. Counsel, I think
17 if you look at the beginning of his surrebuttal, it's also
18 stated there. He wanted to reaffirm that correction.

19 MR. STEWART: Right. And the second
20 question was similar in nature?

21 THE WITNESS: Yes, sir.

22 MR. STEWART: It was also in that same
23 paragraph. I apologize for taking so much time

24 MR. LaFURIA: Not at all.

25 JUDGE WOODRUFF: Thank you for that

1 clarification.

2 MR. LaFURIA: I think I made the motion for
3 it to be admitted.

4 JUDGE WOODRUFF: Yes, you did. Any
5 objection to its receipt?

6 (No response.)

7 JUDGE WOODRUFF: Hearing none, it will be
8 received into evidence.

9 MR. LaFURIA: Thank you.

10 (EXHIBIT NO. 6 WAS RECEIVED INTO EVIDENCE.)

11 JUDGE WOODRUFF: All right. Then for
12 cross-examination, we'll begin again with Public Counsel.

13 CROSS-EXAMINATION BY MR. DANDINO:

14 Q. Good morning, Mr. Wright.

15 A. Good morning, sir.

16 Q. I want to go to the last correction that
17 you made. I'm a little bit confused. I guess you're on
18 page 11 of you're surrebuttal, line 21?

19 A. Yes, sir.

20 Q. So now -- and I'm -- since I can't
21 pronounce the word cellular, I'm going to call it USC. So
22 USC is now offering a 125-minute plan for \$25, a
23 400-minute plan for \$25 and a 700-minute plan for \$35 for
24 the Life Line customers?

25 A. Correction. The 400-minute plan will

1 replace the 125-minute plan.

2 Q. Okay. So now we're --

3 A. Improving the value on that price point.

4 Q. When did you make that decision?

5 A. I gained approval last week. Based on
6 input from customers in the field and what have you, we
7 made the decision that that is something that we needed to
8 respond to.

9 Q. So before you were only offering two hours
10 and five minutes for \$25, now you're offering, what, about
11 three hours?

12 A. Approximately a little bit more.

13 Q. A little bit more for \$25?

14 A. That's correct.

15 Q. But you can get 11 hours or more for
16 another \$10?

17 A. Correct.

18 Q. Are these the only two plans that are
19 available for Life Line customers?

20 A. No, sir. The Life Line discount, which is
21 \$8.25, applies to any of our rate plans. These are the
22 two that we advertise and will be advertizing, both the
23 400-minute plan as well as the 700-minute plan.

24 Q. Do you have any unlimited -- well, strike
25 that.

1 Do you have any cheaper plans than the \$25?

2 A. Cheaper plans? Less access, less than \$25?

3 Q. Yes.

4 A. Not at this time, no.

5 Q. So \$25 is your base?

6 A. Yes, sir.

7 Q. What's the most expensive plan that a Life

8 Line customer could contract for?

9 A. All the way up to \$200. So they can go

10 anywhere from 25 to \$200.

11 Q. And then still get the Life Line discount?

12 A. Yes, sir.

13 Q. Now, I'm confused. You have -- I guess in

14 your direct testimony in the schedules it talks about a

15 local plan and a national plan; is that right?

16 A. That's correct.

17 Q. Now, but yet you're saying that the calling

18 scope for both plans is the entire country?

19 A. No. If I can elaborate?

20 Q. Please.

21 A. We have a local calling scope as well as --

22 a local calling scope versus the local calling area. A

23 local calling scope is physically where you can take the

24 phone, where is the phone when you're making that call?

25 That's a scope. In regards to that we have actually three

1 particular offers that a customer can buy today: Local,
2 which is our current U.S. Cellular-owned properties to
3 date that we have the right to operate service in;
4 regional, which gives a little bit bigger footprint,
5 actually ten states to be exact; and then national for the
6 consumer, the customer that wants to travel coast to coast
7 on a national plan. So the calling scope would vary based
8 on the particular needs of the customer.

9 Q. So the Life Line programs will all be
10 limited to the local plan?

11 A. That is correct.

12 Q. Even whether it's the 25 or the \$200 plan?

13 A. Let me back up. They can purchase any of
14 our rate plans, \$8.25 discount. So they can buy national,
15 they can buy regional, whatever they like, whatever fits
16 their need.

17 Q. So you can get a national plan and still
18 get the discount?

19 A. Yes, sir.

20 Q. The Life Line discount?

21 A. That's correct. If I could also then, too,
22 elaborate on the difference between scope and area, which
23 is where I got confused in my direct testimony. I didn't
24 mean to. I just didn't put it as specifically as I should
25 have. Local calling areas, where are they when they're

1 calling, one; and if they're in our own properties, where
2 can they call to? They can call to any of the lower
3 48 states, so it's toll -- toll free.

4 Q. And so this is a local call?

5 A. It's a toll-free call.

6 Q. So there is no toll calls?

7 A. That is correct.

8 Q. It depends on -- I'm just trying to see.

9 If I'm a customer, let's say I'm here in Jefferson City
10 and we've got -- I wanted to call someone in Columbia.
11 Okay. Different -- I can do that and it's not a toll
12 call?

13 A. That is correct.

14 Q. If I called St. Louis, it's not a toll
15 call?

16 A. That is correct.

17 Q. If I called Boise, Idaho, it's not a toll
18 call?

19 A. That's correct.

20 Q. If I call Hawaii?

21 A. That's not lower 48.

22 Q. What about China?

23 A. Not lower 48, no.

24 Q. Okay. Just wanted to make sure. So if
25 I'm -- in terms of the customer in Columbia calling me, is

1 that a toll call?

2 A. For him?

3 Q. Yes.

4 A. No.

5 Q. If it's normally a toll call for a call
6 between Columbia and Jefferson City, would it be a toll
7 call for that customer?

8 A. Not for our customer.

9 Q. Not for your customer but for the calling
10 party who's calling --

11 A. If they're calling from a landline phone in
12 Columbia, I can't speak to -- all I can speak to is if
13 they have one of our phones, what are they going to get
14 when they make a call, are they going to get a toll
15 charge? And the answer would be no.

16 Q. So if a landline customer -- let's put it a
17 little farther from Columbia. Let's say Montgomery City.
18 Someone is calling from Montgomery City to Jefferson City,
19 and that's normally a toll call on the wireline, it would
20 be -- and the customer -- Montgomery City's a wireline
21 customer, that would still be a toll call for him, right?

22 A. That's my understanding.

23 Q. If there was an EAS route between
24 Montgomery City and Jefferson City, would it still be a
25 toll call for that customer?

1 A. I'm not totally sure on that one, so I
2 don't want to speak.

3 Q. Now, you offer Life Line customers a
4 one-cent phone. Which phone is available for them for one
5 cent?

6 A. We have two. We have the Kyocera and the
7 Dorato phones for a penny.

8 Q. Are they GPS equipped?

9 A. Yes.

10 Q. How long does a customer have to remain a
11 USC customer in order to not pay a penalty or return the
12 phone?

13 A. We ask for a two-year commitment.

14 Q. After two -- if they terminate the
15 contract -- so you require contracts of all Life Line
16 customers?

17 A. That is correct.

18 Q. And if a customer terminates the contract
19 before the two years is up, how much does he have to pay
20 for the -- that one-cent phone?

21 A. There's a \$150 cancellation fee.

22 Q. Now, you didn't have to have approval of
23 this Commission to offer that 400-minute \$25 plan, did
24 you?

25 A. No.

1 Q. You didn't have to notify the Commission?

2 A. No.

3 Q. Are you presently offering this Life Line
4 program?

5 A. Life Line in Missouri?

6 Q. Yes.

7 A. Obviously not in Missouri, no. This rate
8 plan is not being offered in Missouri as of today, no.

9 Q. It hasn't been advertised at all?

10 A. No. Just gained approval on it.

11 Q. So it could change again?

12 A. Yes.

13 Q. And it could change without this
14 Commission's approval?

15 A. We have -- our rate plans are changing all
16 the time, and typically to the benefit of the customer.

17 Q. Could it change without this Commission's
18 knowledge?

19 A. I don't know legally if we need to respond
20 to that. I don't know. So I guess possibly, yes.

21 Q. How would the Public Service Commission
22 ensure that all the conditions that you agree to in this
23 proceeding won't change without their knowledge?

24 A. My answer to that would be the states that
25 we're currently an ETC in today, Washington, Oregon,

1 Oklahoma, to name a few, we have gained I believe a very
2 good relationship in all those states. We realize that
3 the partnership and that we're accountable if granted this
4 status to back it up with following up on it as the years
5 go, and we have done that in the states currently to date.

6 Q. So does USC have any reluctance to agree to
7 the quality standards required of the wireline companies
8 in Missouri?

9 A. Ask you to repeat the question. I'm not
10 sure I understand it.

11 Q. Well, the Public Service Commission has
12 certain standards for quality control for
13 telecommunications service in the state, and this applies
14 to wireline companies.

15 A. I understand.

16 Q. Would USC have any reluctance -- would you
17 agree to follow those same conditions?

18 A. I'm not an attorney. If the decision is
19 made that we need to, then I will execute the plan. I
20 would do just that. So I don't mean to sidestep your
21 question, but it seems to be between attorneys.

22 Q. So if you have to, you will; if you don't,
23 you won't?

24 A. Best guess, keeping in mind what's best for
25 the consumer.

1 Q. What about the billing and collection
2 rights and duties and obligations that are in the Public
3 Service Commission rules, would you only follow those if
4 directed to do so?

5 A. That's correct.

6 Q. And what about the complaint procedure
7 established by the Public Service Commission, you'd only
8 follow that if you were directed by this Commission to do
9 so?

10 A. Yes. And I would add that realizing that
11 our whole -- our whole stand as a company is customer
12 satisfaction.

13 Q. So your remedy is if the customer doesn't
14 like what you're serving, they can walk?

15 A. In fact, just the opposite. We want to
16 keep them. It's a competitive business, and we need
17 customers to be happy and content with the services that
18 we're giving. So it's in our best interest, quite
19 frankly, to make sure that we're responding to the
20 requests, make sure that they're getting what they need.

21 Q. Well, all the wireline companies have that
22 same interest, yet they have billing and collection
23 regulations, quality of service regulations, and complaint
24 grievance. They have those same things. Why should you
25 be any different?

1 MR. LaFURIA: Your Honor, I'm sorry. I'd
2 just object to this question. It really sounds like we're
3 get into policy questions that were better addressed by
4 Mr. Wood.

5 MR. DANDINO: Well, your Honor, if the
6 witness -- I'm asking him whether he can answer those or
7 not. It's up to the witness to decide if he can answer.

8 JUDGE WOODRUFF: I'll overrule the
9 objection.

10 THE WITNESS: I think I mentioned earlier
11 that I really can't. I'm not an attorney. What I'm asked
12 to do, to execute, we will absolutely do, we'll do going
13 forward.

14 BY MR. DANDINO:

15 Q. And as a representative of this company,
16 you're telling this Commission that you won't follow those
17 consumer protections unless directed to do so?

18 A. Not necessarily. Obviously, I'll gain
19 support from counsel, focus on the consumer and do what's
20 right.

21 Q. Do good, avoid evil?

22 A. I'm sorry. What?

23 Q. Do good, avoid evil?

24 A. Not necessarily.

25 MR. DANDINO: That's all I have. Thank

1 you.

2 JUDGE WOODRUFF: All right. Thank you.

3 For Staff, then?

4 CROSS-EXAMINATION BY MR. POSTON:

5 Q. Good morning.

6 A. Good morning.

7 Q. I asked Mr. Lowell questions about how a
8 customer could get toll blocking, and he responded that
9 U.S. Cellular doesn't offer toll block. I know you
10 touched on this with Mr. Dandino. Do you agree that toll
11 limitations for low-income customers is a required service
12 for ETC participation?

13 A. Yes, I do agree.

14 Q. And how has this requirement been met by
15 U.S. Cellular?

16 A. Currently, as it is today, if a Life Line
17 customer comes in and we run a credit check, because we
18 run credit on all our customers as they come in, as we do
19 any customer, if they come back a deposit and if the Life
20 Line customer does not want to pay the deposit -- it can
21 range anywhere from 200 to \$600, depending upon their
22 credit history -- they do not want to pay the deposit,
23 we'll put them on service but restrict their ability to be
24 roam or toll.

25 So we have the functionality to be able to

1 do that today. That is an operation in all three of the
2 current markets within the western region, Oregon,
3 Washington and Oklahoma.

4 Q. When did U.S. Cellular first apply for or
5 receive ETC designation from either a state commission or
6 the FCC, are you aware?

7 A. I know Washington was our first state, but
8 I do not know the dates.

9 Q. Has any state commission or the FCC denied
10 or revoked U.S. Cellular's ETC status?

11 A. I don't know the answer to that question.

12 Q. Has U.S. Cellular ever been accused -- or
13 accused of inappropriate use of USF support?

14 A. Not to my knowledge.

15 Q. Has any state commission or the FCC
16 designated U.S. Cellular for an area smaller than what
17 U.S. Cellular initially applied for?

18 A. I don't know. Not to my knowledge.

19 Q. U.S. Cellular's application states that if
20 granted ETC status, the company would be eligible for
21 \$200,000 per quarter in USF support. However, in your
22 prefiled testimony, you revised that estimate and provided
23 a new estimate, 2 million per quarter; is that correct?

24 A. That's correct.

25 Q. And is the 2 million per U.S. Cellular's

1 current estimate on the quarterly amount of USF support it
2 would receive?

3 A. Yes.

4 Q. And in your direct you state that you will
5 amend your application to include additional construction
6 commitments to demonstrate to the Commission that U.S.
7 Cellular intends to use all available support to improve
8 its facilities and services in the proposed ETC service
9 area; is that correct?

10 A. That's correct.

11 Q. And then in your surrebuttal you have
12 decided not to provide additional commitments because it
13 may significantly vary; is that correct?

14 A. That's correct.

15 Q. And can you please explain, why would these
16 support amounts vary?

17 A. We just frankly don't know what we're going
18 to get. We feel comfortable with the 16 cell sites and
19 the expense associated with the 16 cell sites, but going
20 beyond that right now we don't feel comfortable with. Our
21 ultimate goal is to reinvest and invest every penny that
22 we get from this back into these areas that we would not
23 have otherwise invested.

24 So there's just too many -- we weren't
25 certain exactly what that support would be the first year,

1 and knowing that the October date of '06 comes up and we
2 recertify if granted this certification to begin with,
3 we're only going to get six to eight months into next year
4 and we're going back through this again.

5 Q. And your application commits to building
6 16 new cellular towers, correct?

7 A. That's correct.

8 Q. And does the revised USF support estimate
9 change the 18-month build-out plan?

10 A. No. It's still 16 cell sites, so no.

11 Q. And will U.S. Cellular use all of the USF
12 support it receives for the first 18 months to build the
13 16 new towers?

14 A. That is correct.

15 Q. So there will be no balance for any -- I
16 mean, all your USF support will go toward these 16 towers
17 and there will be nothing left over?

18 A. That's correct. That's correct. Well, let
19 me rephrase that. We have -- we've got the 16 towers. We
20 have a lot of switch capacity upgrades that we're going to
21 have to do when we bring these 16 towers in network. So
22 there are some -- obviously some additional costs over and
23 above the 16 cell sites.

24 Q. So what is the estimated cost of these
25 16 cell sites?

1 A. I don't have that specific information
2 right now. That would be a Kevin Lowell question. I can
3 give you an estimate, but I'm not sure you want an
4 estimate.

5 Q. No, thanks. Do you know roughly
6 either the combined population or the populations of the
7 16 individual cell towers that will be serviced by the
8 proposed tower build-out?

9 A. No, sir, I do not.

10 Q. And when U.S. Cellular commits to 16 new
11 cellular tower sites, does this mean that the company
12 commits to having 16 new towers up and providing service
13 to customers 18 months after an ETC grant?

14 A. Within now and 18 months. Typically,
15 18 months is our typical build for a network of a cell
16 site. That would be the most or sooner.

17 Q. And are these 16 towers the only towers
18 that U.S. Cellular currently plans to build in the state
19 of Missouri or will other towers be built as well?

20 A. Other towers will be built in 2006 and
21 beyond in Missouri.

22 Q. And if the Commission denies ETC status for
23 U.S. Cellular, will U.S. Cellular continue to expand its
24 network in Missouri?

25 A. We will continue to expand our network in

1 Missouri, not necessarily in these 16 areas. We will
2 continue to expand our network in Missouri.

3 Q. Let's change gears and talk about the
4 five-year build-out plan issue, and U.S. Cellular is
5 proposing an 18-month plan, I believe, so this is
6 sufficient, correct?

7 A. Correct.

8 Q. If this Commission were to direct U.S.
9 Cellular to file a five-year plan, how long would it take
10 to prepare such a plan?

11 A. 30 days.

12 Q. Do you generally know what a five-year plan
13 filed by U.S. Cellular would likely entail?

14 A. I don't. I don't.

15 Q. Do you have any objections to the level of
16 detail required by the FCC in the five-year plan outlined
17 in the FCC's March 2005 Order?

18 A. We just want all carriers to be held to the
19 same standards. And if that's the case, then we will
20 prepare a five-year plan. Beyond that, our concern had
21 been not knowing what we were actually going to get in
22 support for the first year, let alone two, three, four and
23 five. It's difficult to put a plan together if that is a
24 concern. But in fact, if the Commission rules that's what
25 we need to do, then that's, in fact, what we'll do.

1 Q. My question was asking about, there's
2 certain requirements the FCC put together for what they
3 wanted to appear in the build-out plan, and so you can't
4 say you have any objections to any of those?

5 A. I can't respond to that, no.

6 Q. And you discussed earlier U.S. Cellular's
7 Life Line offering?

8 A. Yes, sir.

9 Q. And you say that's \$25 for 400 minutes per
10 month?

11 A. That's correct.

12 Q. And what happens if a customer goes over
13 these allotted minutes?

14 A. They pay 40 cents per minute, which is our
15 typical overage rate for all of our rate plans.

16 Q. And is there any way for this to be blocked
17 for a customer to go over their allotted minutes or is
18 that not possible?

19 A. Not for local usage, to my knowledge.

20 Q. And jumping back to my questions about the
21 16 hours and your commitment, how was U.S. Cellular going
22 to pay for the balance of the cost to bring -- to build
23 16 towers when the USF projections were significantly
24 less?

25 A. Run that by me one more time.

1 Q. Well, initially you were saying \$200,000
2 per quarter, and now you're saying 2 million. And with
3 200,000 you had committed to building 16 towers, but with
4 the 2 million per quarter, you're saying that that's going
5 to be used up entirely to build the 16 towers. So in your
6 previous commitments how were you going to make up the
7 balance to build these 16 towers if the 200,000 is not
8 enough?

9 A. I guess the answer to that question is,
10 when we first -- in direct testimony, obviously we didn't
11 know what we were going to get. We knew we wanted to get
12 to some of these areas to try to help the consumers
13 currently not getting service today. Realizing exactly
14 where we are today, our focus -- we've got obviously our
15 focus to build on our current build plan in Missouri.

16 This is obviously going to help us get
17 there quicker. Obviously just more time to actually
18 realize what actually is this and is available through
19 ETC, making sure that if we receive this money that we
20 will spend it in those areas that we would not have
21 otherwise spent it dollar for dollar.

22 Q. Well, my question is asking, and it seems
23 like now you're saying you're going to get a lot more
24 money than you originally estimated, and now the higher
25 amount will cover these 16 towers, but the original amount

1 would not cover the 16 towers?

2 A. Right. I understand your question. I'm
3 not sure I know -- I understand. I don't know if I can
4 answer any more than what I did. That's the dollar amount
5 that we're working with now, and our commitment is to make
6 sure that the money's invested back up in Missouri areas
7 that might not otherwise have got it.

8 MR. POSTON: Okay. Thank you. That's all
9 I have.

10 JUDGE WOODRUFF: Thank you. It's fast
11 approaching noon, so we're going to take a break now and
12 we'll come back at one o'clock.

13 (A BREAK WAS TAKEN.)

14 JUDGE WOODRUFF: We're back from lunch.
15 Mr. Wright is again on the stand, and we're ready for
16 cross-examination from CenturyTel. You can proceed,
17 Mr. Stewart.

18 MR. STEWART: Thank you, Judge.

19 CROSS-EXAMINATION BY MR. STEWART:

20 Q. Good afternoon, Mr. Wright.

21 A. Good afternoon.

22 Q. I take it that, like Mr. Lowell, you're
23 based out of Oklahoma, correct?

24 A. Correct.

25 Q. In terms of your background, you were

1 previously employed by Household Finance Corporation?

2 A. Yes, sir.

3 Q. What sort of work did you do there?

4 A. I was a loan officer and went out and
5 collected money in the field, a collector. Brings back
6 memories.

7 Q. I suspect that does. Today, what sort of
8 work do you do specifically for U.S. Cellular?

9 A. I'm overall responsible for the west
10 region, which includes the Missouri markets. Ranges all
11 the way up into our northwest markets, all the way up into
12 Yakima, Oregon, Idaho, so all the west region operations.
13 My responsibilities specifically are sales and marketing,
14 engineering and operations, HR and finance, all within the
15 regional function.

16 Q. You may have already mentioned this, but
17 you'll have to bear with me here. The west region, which
18 states does that include?

19 A. Starts basically from Missouri, Oklahoma,
20 Idaho, northern California, Oregon and state of
21 Washington.

22 Q. That's how many states?

23 A. Five states.

24 Q. Five states?

25 A. We also -- to add to that, we have a little

1 bit of the Texas properties, northern Texas.

2 Q. So five states plus a little bit of Texas?

3 A. Yes.

4 Q. Did I understand Mr. Lowell to say that --
5 and maybe you can clarify this -- U.S. Cellular does not
6 prepare or utilize state-specific financial information?

7 A. That's correct.

8 Q. So I would assume by that United States
9 Cellular's investment decisions are made on a region-wide
10 rather than a statewide basis?

11 A. That is correct.

12 Q. And you have -- U.S. Cellular has been
13 certified as an ETC in Oklahoma; is that correct?

14 A. That's correct.

15 Q. As part of that process, did Oklahoma
16 require you to provide any kind of state-specific
17 financial reporting?

18 A. I don't remember at the time. I wasn't
19 part of that at that point. It was Mr. Lowell at that
20 point.

21 Q. Page 2 of your direct testimony, you state
22 that U.S. Cellular is invested in serving customers in
23 rural areas, not only in large metropolitan areas and
24 along highways. I'd like to ask you some questions along
25 the lines that I asked Mr. Lowell. Mr. Wright, what do

1 you mean when you say rural area?

2 A. The name, the city that pops to mind for me
3 as an example is West Plains, which is down around
4 Missouri 15 area, down south, southern Missouri. I think
5 of that as rural, as opposed to an urban being St. Louis.

6 Q. Would you know offhand roughly the
7 population of West Plains?

8 A. 12 to 18,000. Probably on the 12,000 side.

9 Q. So 12, maybe up to 18,000 classified as
10 rural?

11 A. Yes.

12 Q. What do you mean by highways, when you say
13 the word highways?

14 A. 63 would be a good one.

15 Q. In fact, that goes right through West
16 Plains, doesn't it?

17 A. You mentioned the highway between
18 Springfield and West Plains. I can't remember the actual
19 highway that is.

20 Q. 160 or something like that?

21 A. Yeah. That would be an example. The
22 highway between Hannibal, 61 coming down towards
23 Interstate 70, I consider a highway.

24 Q. And of course I-44 and I-70 would?

25 A. Interstates.

1 Q. Yeah. Do you think it's important for
2 United States Cellular to provide service along highways
3 in Missouri?

4 A. Yes, sir.

5 Q. And I suppose, like Mr. Lowell, the reason
6 for that is that one of the primary benefits of wireless
7 service is mobility?

8 A. That's correct.

9 Q. Is it not?

10 A. That's correct.

11 Q. On page 7, you use the phrase reasonable
12 request for service.

13 A. Excuse me. Direct testimony?

14 Q. Your direct, yes. I'm sorry. Page 7 of
15 your direct testimony, you use the phrase reasonable
16 request for service. Have you got it? I'm not sure what
17 line that is. If I remember right, it's toward the
18 bottom.

19 A. Yes, sir, I've got it.

20 Q. Can you give us an example of what you
21 would consider to be a reasonable request for service?

22 A. Well, as Mr. Lowell mentioned earlier, we
23 do -- we have fully implemented the six-step process,
24 working all the way from does the -- do they have the
25 right handset all the way up to the step 6 being, do we

1 need to build a new cell site? And we work from start to
2 finish all the way through that process and get to the
3 bottom one, get to the last one, obviously a decision
4 needs to be made, do we need to build a cell site?

5 Q. And looking at what is a reasonable request
6 for service, I take that to mean that basically it's a
7 case-by-case basis?

8 A. Yes, sir.

9 Q. And so, for example, going back to West
10 Plains, down in this area where it looks like you've got
11 some green, if I was just on the outskirts of West Plains
12 and I called U.S. Cellular and I said, I'd like to have
13 service, and you gave me one of these little handsets,
14 what would happen next? Would you come out to my house
15 and check my signal?

16 A. Yes. I wouldn't, but our engineering team,
17 our techs in the field, a lot of these techs live out in
18 the areas and know the areas well. Your example there is
19 a great one in that, that's maybe right on the borderline.
20 There may be some system enhancements we could do to get
21 them redirect, a panel, what have you, to enhance that
22 coverage there, to allow service, would be the first step.
23 So the first step is getting someone out there to see if
24 it's doable by tweaking the system.

25 Q. And I assume these techs would be stationed

1 out of your sales offices?

2 A. A lot of times. A lot of times out of
3 home. Their offices are their vehicles.

4 Q. Okay. Let's flip it over. Can you give me
5 an example of what you would consider to be an
6 unreasonable request for service?

7 A. When the day's all done, if it's one we
8 work through the entire six-step process and it's one
9 consumer asking for us to build one cell site. Is that a
10 reasonable request? And we have to do a gut check at that
11 time. And it may not be. It goes back to case to case.
12 There may be others in the area that would have asked for
13 service as well.

14 Q. Okay. Staying down toward the south part
15 of the state in the bootheel area, the southwest part of
16 the state, or some of us call it swamp east Missouri, if I
17 was located in one of these white areas in the southeast
18 portion of the state and I was the only person out there
19 and I called you -- let's say I was right in the middle of
20 the Advance exchange -- would that -- if I was the only
21 one that called, would that be considered an unreasonable
22 request for service?

23 A. No, it wouldn't be. We would work through
24 that request.

25 Q. Okay.

1 A. With a possibility of one of the six steps
2 as a rerate.

3 Q. I'm sorry?

4 A. A rerate, putting them on -- not rerate.
5 Where we actually put them on another company's system but
6 they're still our customer. As far as they're concerned,
7 they're our customer. That is one of the six steps.

8 Q. And that would be accomplished through some
9 sort of a resale arrangement --

10 A. Yes.

11 Q. -- with the other carrier?

12 A. Yes.

13 Q. And that could be with a wireless carrier
14 or wireline carrier, either way?

15 A. That's correct. I'm not clear on the
16 wireline side, so I don't want to speak, but if that's a
17 possibility legally, then we would look at that as well.

18 Q. And that would hold true, would it not, for
19 just anywhere in your service area? I mean, it doesn't
20 have to be --

21 A. Doesn't have to be the southeast.

22 Q. And I guess based -- looking at your direct
23 testimony on page 8 and 9, I take it from the discussion
24 there that U.S. Cellular doesn't currently have any such
25 resale arrangements in place with any other carrier in

1 Missouri at this time?

2 A. At this time, that is correct.

3 Q. Mr. Wright, are you aware of any customer
4 in the state of Missouri, anywhere in the state of
5 Missouri, who currently is unable to receive USF supported
6 telecommunications services from the incumbent wireline
7 carrier?

8 A. Rephrase your question. State
9 specifically, but could you rephrase?

10 MR. STEWART: Could I have the reporter
11 read it back? And if it's still unclear, I'll try again.

12 THE REPORTER: "Question: Mr. Wright, are
13 you aware of any customer in the state of Missouri,
14 anywhere in the state of Missouri, who currently is unable
15 to receive USF supported telecommunications services from
16 the incumbent wireline carrier?"

17 THE WITNESS: Specifically of a customer,
18 no, I am not.

19 BY MR. STEWART:

20 Q. On page 11 of your direct, you note that
21 there are eight wireless licensees throughout Missouri,
22 but that U.S. Cellular has the leading market share or at
23 least you believe they do in the areas where it serves.
24 Could you please identify for us the eight wireless
25 licensees you're referring to?

1 A. Alltel, Verizon, Cingular, Sprint,
2 T-Mobile, Nextel. How many is that, six?

3 Q. I think that's six.

4 A. Dobson in the northeast part, and I'm not
5 recalling the last.

6 Q. Mid-Missouri Cellular maybe?

7 A. There you go. Yes, sir.

8 Q. Okay. Do you know off the top of your
9 head, looking at Exhibit 1 through 3, where Mid-Missouri
10 Cellular's service territory is?

11 A. Yes. They're up in the mid section of
12 Missouri, Missouri 7 area, west of Columbia, a little bit
13 north. Yes, right in that area.

14 Q. Just south of I-70, kind of the central
15 part going west?

16 A. Right.

17 Q. How far south do they go?

18 A. About 20 miles, 25 miles. I'm
19 guesstimating at this point. Interstate 70 basically runs
20 right smack through the middle of it.

21 Q. And of those eight, which ones or how many
22 of those would you consider to be in competition with
23 United States Cellular?

24 A. Alltel and -- three to four.

25 Q. Three to four?

1 A. Yeah.

2 Q. Would that include Mid-Missouri Cellular?

3 A. They are in competition with us, that's
4 correct.

5 Q. To your knowledge, are any of these
6 wireless carriers you just mentioned, have they been
7 granted ETC status in Missouri?

8 A. To my understanding, no, they have not.

9 Q. To your knowledge, have any of these
10 wireless carriers you just mentioned, have they applied
11 for ETC status in Missouri?

12 A. My only understanding is that Mid-Missouri
13 Cellular.

14 Q. On page 12, you use the phrase the launch
15 of U.S. Cellular's St. Louis market. Could you please
16 tell me what you mean by the St. Louis market?

17 A. The -- if I can refer to the map.

18 Q. Please.

19 A. The dark green area, that is the St. Louis
20 market, as well as about 80 miles west towards Columbia is
21 the -- was the actual launch of the St. Louis market, all
22 the way up to Boone County.

23 Q. Up to Boone County?

24 A. Yeah. Actually, up to 100 miles.

25 Q. About 100 miles?

1 A. Yeah.

2 Q. Would it include Columbia?

3 A. No, sir, it would not.

4 Q. It would be on the east side of Columbia?

5 A. That's correct.

6 Q. How about going south, how far south would
7 it go?

8 A. All the way down to Missouri 13, which is
9 just north of Farmington.

10 Q. Just north of Farmington?

11 A. Yes.

12 Q. How far north does it go?

13 A. Farmington?

14 Q. No, from the St. Louis market.

15 A. Just basically -- well, I really can't
16 answer that specifically. Just up to basically the river,
17 where you see right there, we didn't have any coverage. A
18 little more, that whole area of St. Louis is the launch
19 for
20 St. Louis.

21 Q. But it would not include --

22 A. Up to Hannibal. I'm sorry.

23 Q. It would not include Hannibal?

24 A. Did not include 61, all those highways,
25 none of that. It was basically the dark green area that

1 you see there.

2 Q. I believe in response to a Data Request to
3 Mr. England's clients you provided a copy of your 2004
4 annual report. When I say you, I mean U.S. Cellular. I
5 recognize you didn't sign the Data Request response. Are
6 you familiar with that annual report?

7 A. Yes, I am.

8 Q. And looking at that, it would appear that
9 in 2004 U.S. Cellular launched what it refers to as three
10 important new markets, one in Oklahoma City, one in
11 Lincoln, Nebraska and one in Portland, Maine; is that
12 correct?

13 A. That's correct.

14 Q. And it also states in there that U.S.
15 Cellular's St. Louis market will become your second
16 largest market after Chicago with this 2005 launch?

17 A. That's correct.

18 Q. And that St. Louis market area we just
19 talked about, that's included in your requested ETC
20 service area, correct?

21 A. I believe that is correct.

22 Q. In your annual report it talked about an
23 estimated market population of more than 2.9 million
24 customers?

25 A. That's correct.

1 Q. And that's just in that St. Louis area?

2 A. That is correct. Let me clarify. That
3 2.9 million includes the St. Louis MTA, which goes all the
4 way down to the bootheel of Missouri.

5 Q. So in terms of your annual report numbers,
6 we're actually going down here to swamp east?

7 A. That's correct.

8 Q. Are we going into Illinois?

9 A. Parts of Illinois as well.

10 Q. Okay. Back to your direct testimony on
11 pages 1 to 14, and I think there's been some discussion
12 about this earlier, so maybe you can clarify it. In your
13 direct testimony, you estimate that, based on what you
14 call at the time the new USAC projections, which became
15 available to you after you filed your application here at
16 the Missouri Commission, that you expected to receive
17 roughly \$2 million per quarter, which I guess that's
18 8 million a year, in USF funding in Missouri if this
19 Commission would approve your request; is that correct?

20 A. In my direct testimony, that is correct.

21 Q. Is that still an accurate figure as far as
22 you know?

23 A. Our figure that we understand today is that
24 there's approximately \$8 million.

25 Q. Per year?

1 A. Per year.

2 Q. Well --

3 A. That's an estimate, and that's my
4 understanding.

5 Q. But that would be 2 million a quarter,
6 wouldn't it?

7 A. That's correct.

8 Q. Okay. And as I understand it, as part of
9 your application, you have committed to construct 16 new
10 cell towers, and that would be shown on the map here,
11 Exhibit 1 through 3 in the bright green. There's 16 of
12 those on there, and that your commitment at that time,
13 though, was based on your earlier estimates of receiving
14 only \$200,000 per quarter; is that correct?

15 A. That's correct.

16 Q. So at the time you filed your application,
17 you thought you were going to get 200,000 per quarter and
18 you decided to build -- that was sufficient for you to
19 build the 16 new cell sites as part of your application;
20 is that correct?

21 A. You know, honestly, I wasn't part of the
22 actual -- the actual application process. What I know was
23 the information we knew at the time, that was the number,
24 and we know now to be the number is the 2 million a
25 quarter. Our commitment is to build out these networks in

1 these areas that would not otherwise have received
2 coverage to date.

3 Q. Okay. I understand that, but just in terms
4 of the numbers, you started at 200,000. You're now up at
5 ten times that amount; isn't that correct?

6 A. That's correct.

7 Q. And I think -- and we asked about this when
8 you were first brought onto the stand about corrections to
9 your testimony. You had some language in your direct
10 testimony at the time you filed it that, because of this
11 new money that apparently was going to become available to
12 you, you were going to amend your application to increase
13 your earlier commitment beyond the 16 towers, I suppose,
14 to what you called a level commensurate with the projected
15 increase in support. Now, that's what you originally had
16 in your direct, correct?

17 A. That's correct.

18 Q. But since you've -- and since you filed
19 your direct, you have not amended your ETC application; is
20 that true?

21 A. I'm not sure I can answer that question.
22 I'm not sure.

23 Q. You don't know?

24 A. No.

25 Q. Well, let me ask it this way: Did you or

1 anyone else in U.S. Cellular's surrebuttal testimony
2 enlarge your commitment to this Commission beyond the
3 16 new cell towers you originally proposed?

4 A. No, we did not.

5 Q. And, in fact, in your surrebuttal you state
6 that you specifically decided not to do that, and that you
7 made that point again earlier this morning when you first
8 took the stand, right?

9 A. That's correct.

10 Q. Okay. So just so I'm clear as to what you
11 have committed as part of your application to this
12 Commission, 16 new cell towers as shown on Exhibits 1
13 through 3, a six-step approach to looking at whether a
14 service request that's currently not covered would be
15 reasonable to provide service, and are there any other
16 commitments that you've made regarding your network in the
17 state at this time?

18 A. The monies received, we commit to building
19 out the dollar for dollar 16 cell sites, whatever that
20 number is. And I want to be clear on this, too. We have
21 to start at some point. 16 cell sites, we put a dollar
22 amount to that as being around \$6 million cost. If we
23 receive \$3 million, as an example, in 2006, we're going to
24 build, if granted this status, 16 cell sites in these
25 approximate areas, areas that we currently do not have

1 coverage today, they currently do not have coverage today.

2 Q. And if you receive 8 million you're still
3 going to build 16?

4 A. Yes, sir.

5 Q. What are you going to do with the other
6 2 million?

7 A. We're going to put more cell sites -- all
8 monies, dollar for dollar, will go in these areas that
9 currently don't have coverage. So if we can get another
10 four or five sites in and we can take that to 20 or 21
11 sites, then we absolutely will. Our accountability is to
12 the money which we are receiving.

13 Q. Okay.

14 A. And our focus is going to be in the rural
15 areas that currently do not have coverage.

16 Q. Didn't Mr. Lowell just testify earlier this
17 morning, though, that he had no specific plans on any
18 additional new towers lined up for Missouri, or did I
19 misunderstand him?

20 A. You misunderstood him. I don't think I
21 understood that to be the case.

22 Q. Okay. So you're aware of additional tower
23 construction that --

24 A. No. Within these areas, beyond the 16.
25 What I'm saying is that if the -- in fact, we get

1 8 million and it only costs us 6 million, we will put
2 additional cell sites in these areas that would not
3 otherwise have coverage.

4 Q. But as we sit here today, you have not
5 developed any firm plan for any of those sites?

6 A. No, sir.

7 Q. You have not provided this Commission or
8 the Staff --

9 A. No, sir.

10 Q. -- with any of that information?

11 A. No, sir. It's an accountability of knowing
12 that we would need to. In fact, that money's more -- in
13 fact, we receive more than our current cost would be, only
14 fair, and it's accountability.

15 Q. How do we know that some of that money
16 won't end up in this big green spot up here in St. Louis?

17 A. That's up to our teams in Chicago to make
18 sure that we are actually holding true. In fact, money
19 we're getting, we will prove to you on an annual basis
20 where we're putting the money, what exact cell site went
21 up dollar for dollar.

22 Q. And those would be filed after you receive
23 the money?

24 A. I'm not sure when it would be filed.

25 Q. How do we know -- all right. We've talked

1 about St. Louis in Missouri. How do I know the money
2 won't -- how do we know the money wouldn't be going off
3 into your five plus Texas state region?

4 A. I guess what I would reference is the
5 relationships and the credibility that we have with the
6 other three states within our region.

7 Q. And one of those is Oklahoma?

8 A. Yes, sir.

9 Q. Did U.S. Cellular by any chance -- well,
10 let me ask you, are you familiar at all with what has gone
11 on in Texas with the USC?

12 A. No, I am not.

13 Q. Mr. Wright, I understand from your
14 testimony and other testimony that's been filed on your --
15 on U.S. Cellular's behalf that U.S. Cellular opposes the
16 idea that the FCC's March 17th ETC designation order
17 criteria, and for that matter the -- this Commission's
18 proposed ETC criteria that's contained in the upcoming
19 rulemaking and those requirements, you oppose the notion
20 that that should be applied to U.S. Cellular as part of
21 this case; is that correct? Is that a fair statement?

22 MR. LaFURIA: Your Honor, could you ask him
23 to please point him to the testimony where he said that?

24 JUDGE WOODRUFF: Can you comply with that
25 request?

1 MR. STEWART: I'm trying to remember where
2 that was. That may be in Mr. Wood's testimony. I don't
3 recall. Well, let me ask it another way.

4 BY MR. STEWART:

5 Q. I mean, do you think that this Commission
6 should apply the March 17, 2005 ETC designation order as
7 part of this proceeding?

8 A. Not being an attorney, I really can't
9 answer that question.

10 Q. Your answer would be the same with respect
11 to the Commission's proposed rulemaking?

12 A. That is correct.

13 Q. That's fair enough. But in any event, you
14 would agree with me, would you not, that this Commission
15 as part of this case and any other ETC designation case
16 that might come before it, it has to engage in some sort
17 of a cost/benefit analysis in reviewing an ETC's request,
18 wouldn't they?

19 A. Yeah. I would assume so, yes.

20 Q. Okay. Along those lines, in your opinion,
21 what are some of the advantages of U.S. Cellular's service
22 offering that this Commission in this case should
23 consider?

24 A. Some of the advantages of U.S. Cellular?

25 Q. As a company.

1 A. Our focus on the customer, how we are
2 absolutely focused on the customer and what's best for the
3 customer, today that we have on service and those that we
4 don't yet have on service. That's what separates us from
5 all the larger carriers. That's a separation point. So
6 our focus point has always been the customer and will
7 continue to be the customer. And that's why we feel like
8 we really fit up well with all customers in Missouri, but
9 specifically in this case we're talking about today is the
10 rural customers in Missouri.

11 Q. Okay.

12 A. And we're a rural carrier. We've been a
13 rural carrier for a long time. We focused in the rural
14 areas.

15 Q. Like Chicago?

16 A. That's relatively new, along with
17 St. Louis.

18 Q. I guess let me ask it this way: In terms
19 of the actual service that U.S. Cellular provides or can
20 provide to the customer, would an advantage be mobility?

21 A. Absolutely.

22 Q. What are some of the other advantages along
23 those lines, in your opinion?

24 A. Other than customer service and mobility,
25 that would be the two big ones.

1 Q. What about health and safety benefits?

2 A. Of course. As it relates to applying our
3 services in these communities, absolutely, we would offer
4 some safety benefits that otherwise they don't get if they
5 don't have wireless coverage in general.

6 Q. So, for example, if I'm traveling along a
7 highway and I have a medical emergency or some other
8 emergency and I have my cell phone, one of the advantages
9 of having that is that I can call for assistance or a
10 wrecker or --

11 A. Yes, sir.

12 Q. And that would be one of the advantages --

13 A. Yes.

14 Q. -- that you would want this Commission to
15 look at?

16 A. Yes, sir.

17 Q. Well, aside from U.S. Cellular's corporate
18 good standing and that part of the benefit, and your
19 philosophy that you stated, isn't it true that none of the
20 benefits such as mobility or health and safety can
21 actually accrue to the customer if the customer is unable
22 to adequately receive adequate signal coverage?

23 A. Yes.

24 Q. So wouldn't it be reasonable for this
25 Commission to require or at least consider as part of its

1 cost/benefit analysis the question of whether U.S.
2 Cellular can provide adequate signal coverage along major
3 highways as part of its public interest determination
4 process?

5 A. I don't think I'm understanding the
6 question.

7 Q. I may not have said that --

8 A. You lost me there somewhere.

9 MR. STEWART: I'll let you read it. If it
10 starts to sound bad, then I'll try it again.

11 THE REPORTER: "Question: So wouldn't it
12 be reasonable for this Commission to require or at least
13 consider as part of its cost/benefit analysis the question
14 of whether U.S. Cellular can provide adequate signal
15 coverage along major highways as part of its public
16 interest determination process?"

17 BY MR. STEWART:

18 Q. Let me -- I agree. That wasn't well
19 stated. Okay. Well, you've agreed with me that the
20 benefits such as mobility and health and safety, they're
21 not there if the customer cannot get a cell signal?

22 A. That's correct.

23 Q. Okay. So would it be reasonable for this
24 Commission as part of its public interest analysis in this
25 and other ETC cases to consider or perhaps even require

1 adequate signal coverage along major highways?

2 A. I understand your question. I can't answer
3 that question. I don't think I can answer that question.

4 Q. Well, if you can't, you can't.

5 Mr. Wright, have you reviewed Mr. Brown's
6 overall propagation analysis contained in his rebuttal
7 testimony and schedules?

8 A. As part of the rebuttal?

9 Q. Part of Mr. Brown's rebuttal.

10 A. I have not.

11 Q. You have not reviewed Mr. Brown's testimony
12 in this case?

13 A. If it's within my direct testimony or my
14 rebuttal, I have. I'm not sure if I am answering the
15 question.

16 Q. I think you filed surrebuttal, did you not?

17 A. Surrebuttal. So I have not referred --
18 I've not reviewed his, no, I have not.

19 Q. So there's no place in your surrebuttal
20 where you take issue with anything Mr. Brown said in his
21 testimony?

22 A. Well, yes. I had reviewed the surrebuttal,
23 which has comments from Mr. Brown, obviously, so yes, I
24 have reviewed that. I've not actually reviewed the
25 rebuttal as a stand alone.

1 Q. Well, you've got me confused now. You
2 filed direct testimony?

3 A. Right.

4 Q. Mr. Brown filed rebuttal testimony to your
5 direct. Part of Mr. Brown's testimony included what we
6 call a propagation analysis. He included not only U.S.
7 Cellular's --

8 A. So I have reviewed it. If it's within the
9 surrebuttal, yes, I have reviewed it.

10 Q. Okay. And let me finish. It was kind of
11 in two parts in some ways. He put in U.S. Cellular's
12 propagation analysis that's shown here on Exhibits 1 and
13 3, and he also had in his analysis his own independent
14 analysis where he took what you gave him, worked with it,
15 and so you've looked at that?

16 A. Yeah. Can you refer me to a particular
17 question within the surrebuttal I can refer to?

18 Q. Well, the question is not about your
19 surrebuttal. The question is, did you review Mr. Brown's
20 testimony, especially that part dealing with his
21 propagation analysis?

22 A. I guess the answer to your question is, I
23 don't believe I have.

24 Q. You don't believe you have. Okay. So if
25 you haven't -- if you haven't reviewed Mr. Brown's

1 propagation analysis where he looks at U.S. Cellular's
2 signal coverage and all those things in various areas, you
3 wouldn't really have any way to disagree with his
4 conclusions, would you?

5 A. No, I guess I couldn't, without reviewing
6 it.

7 Q. But you had an opportunity to review it and
8 file surrebuttal testimony on it if you had wanted to; is
9 that correct?

10 A. I don't know.

11 Q. Just a few final questions. I think
12 Mr. Dandino asked you some questions about your Life Line
13 program, and since the time that the prefiled testimony
14 was -- all of this was put in, it's my understanding that,
15 as of today, U.S. Cellular is going to be able to offer a
16 basic Life Line rate of \$25 for 400 minutes of time?

17 A. Yes, sir.

18 Q. And that's currently what's before this
19 Commission?

20 A. They'll put that in the offering, that's
21 correct. Yes, we're enhancing our lower point price plan.

22 Q. Let's assume I'm a Life Line customer
23 paying \$25 for 400 minutes. What happens if I go over my
24 400 minutes?

25 A. 40 cents a minute.

1 Q. 40 cents a minute if I bust my 400 minute
2 ceiling, right?

3 A. That's correct.

4 Q. So if I would have an extra hour over those
5 400 minutes, that would be, what, an extra \$24 a month?

6 A. Yes. That's correct.

7 Q. Does U.S. Cellular count it against my
8 time -- if I'm a U.S. Cellular customer, count it against
9 my minutes that I purchased if somebody calls me?

10 A. Depending upon the offer you have at the
11 time, we have free incoming minutes. On that particular
12 plan, that does count against your minutes.

13 Q. In the Life Line?

14 A. Yes, it counts against your minutes.

15 Q. If I was sitting at 400 minutes and you
16 decided to give me a call, that would be counted against
17 my --

18 A. That is correct.

19 Q. I would be charged 40 cents a minute?

20 A. That's correct. I would add if I could,
21 please?

22 Q. Yes, please.

23 A. It's our job as a company and our
24 associates' job to review customers. If, in fact, they're
25 on plans where they're driving overage, it would be in

1 their best interests and ultimately in the company's best
2 interest to bump them up to the higher rate plan, which in
3 a lot of cases saves them money.

4 Yes, there's overage charges. A lot of
5 cases we're catching those, especially if they're going
6 over on a consistent basis, to upgrade them to a higher
7 rate plan. Our focus is on the customer, putting them in
8 the right rate. We make that change.

9 Q. I heard something earlier, and I guess I
10 just want to get this clarified. Normally you have a
11 two-year commitment to -- on a cellular contract when a
12 customer activates; is that correct?

13 A. That's correct.

14 Q. Does that two-year commitment -- contract
15 commitment apply to the \$25 400-minute Life Line plan?

16 A. At lunch today, I took the opportunity to
17 call back to our Chicago office to clarify the
18 cancellation of contract requirements for a Life Line
19 customer. In fact, when a Life Line customer comes in
20 today, they do sign -- they do complete a 24-month -- and
21 not so much an agreement but a commitment, more or less,
22 so we know when they start service so that we know when
23 they need to recertify.

24 But I was incorrect in my earlier testimony
25 when I said there would be a cancellation fee or we hold

1 them to a contract. They would not be held to a contract.
2 So I misspoke earlier, and the answer to the question,
3 there is a difference between a Life Line customer and
4 their commitment to our base offering to our customers
5 today being contractual.

6 Q. Okay. So as of 8:30 this morning we had a
7 new Life Line plan, and as of 1:35, we now discover that
8 that plan does not have a termination penalty?

9 A. That is correct. That's correct.

10 MR. STEWART: Okay. That's all I have.
11 Thank you.

12 JUDGE WOODRUFF: Thank you. For the Small
13 Telephone Company Group?

14 MR. ENGLAND: Yes, sir. Thank you.

15 CROSS-EXAMINATION BY MR. ENGLAND:

16 Q. Good afternoon, Mr. Wright.

17 A. Good afternoon.

18 Q. And you understand I represent the Small
19 Telephone Company Group?

20 A. Yes, I do.

21 Q. You'll have to excuse me. Mr. Stewart has
22 asked some of my questions. The good news is hopefully I
23 won't ask you those again. The bad news is some of these
24 questions won't have a lot of rhyme or reason. They're
25 going to jump around a little bit. Bear with me if you

1 would, please.

2 At page 3 of your direct testimony,
3 lines 11 to 12, you note that you are -- and when I say
4 you or we -- U.S. Cellular is requesting designation as an
5 ETC in its entire licensed service territory. Do you see
6 that?

7 A. Yes, sir, I do.

8 Q. I've got some questions about that kind of
9 for the record. My understanding would be that that
10 entire licensed area would cover both rural and non-rural
11 areas as that term is defined for federal universal
12 service purposes, right?

13 A. Right.

14 Q. It would apply to all of your customers in
15 that area, correct?

16 A. I don't know if I can answer that question
17 with any kind of confidence.

18 Q. Okay. Let me ask you this as sort of an
19 adjunct. I think in earlier -- or later in your testimony
20 you indicate, at least at the time it was prepared, that
21 you had approximately 105,000 customers in the state of
22 Missouri?

23 A. That is correct.

24 Q. Is that still current today?

25 A. No. That number -- well, probably just

1 under 110. That was prior to the launch of St. Louis, so
2 that is not a current number. That has grown over the
3 last few months.

4 Q. Do you have any ballpark estimate of what
5 it might be?

6 A. Best guesstimate is probably 150,000-ish,
7 but it's just a guesstimate.

8 Q. Did most of that growth from 105 several
9 months ago to approximately 150 today primarily occur in
10 the St. Louis area?

11 A. I can't say specifically. It's pretty well
12 spread throughout. Obviously spread throughout.

13 Q. Okay. If that's the case and some of these
14 new customers are in rural areas as opposed to
15 metropolitan areas, that would have an impact on the USF
16 receipts, would it not, if you were designated as an ETC?

17 A. I would assume so, that's correct.

18 Q. And it would tend to increase those even
19 more than what you've projected?

20 A. The more customers, obviously the more
21 revenues, that's correct.

22 Q. Is it your understanding that once
23 designated as an ETC, you would receive funding for all of
24 your rate plans, not just the plans that are comparable to
25 the incumbent local exchange carrier, not just to the Life

1 Line plans?

2 A. Just a point of clarification. Are you
3 referring to a specific question here or still within the
4 same question, sir?

5 Q. I'm kind of asking some general information
6 in this same line. I don't know that there's any
7 testimony to that, other than your overriding statement
8 that says you're seeking it for your entire service area.
9 I'm trying to get an idea how big we're talking here or
10 how much we're talking about.

11 A. I don't know if I can answer your question.

12 Q. Okay. Do you know if the USF support that
13 you receive is tied to the underlying, if you will,
14 incumbent local exchange carrier's per line support from
15 USF?

16 A. I can't answer that question.

17 Q. Would you know if that per line support
18 varies depending on which area you're talking about?

19 A. I do not know.

20 Q. Do you know in general whether or not
21 Southwestern Bell, SBC receives any per line USF high-cost
22 support in Missouri today?

23 A. I do not know that.

24 Q. At page 7 of your surrebuttal testimony,
25 lines 15 through 16 --

1 A. Yes, sir.

2 Q. -- you indicate that you intend to invest
3 support to build and maintain facilities in rural
4 high-cost areas. Do you see that?

5 A. Yes, sir, I do.

6 Q. I have a couple of questions about that.
7 Based on that statement, to the extent you receive
8 high-cost support from rural wire centers served by the
9 Small Telephone Company Group member companies that you
10 overlay, is it my understanding you would plan and commit
11 to spend those USF dollars in those specific wire centers?

12 A. That is not my understanding.

13 Q. Okay. Tell me what your understanding is.

14 A. Is to take the monies that we receive and
15 invest it in the communities today that are currently
16 without wireless coverage in our own areas, licensed
17 areas. So I don't think I can answer your question
18 specifically.

19 Q. So you can't say that you would -- to the
20 extent you get USF support from a particular wire center,
21 that you will spend those dollars back in that particular
22 wire center?

23 A. I can't answer that specifically.

24 Q. Can you say or commit generally that if you
25 get money in a rural wire center, that you will spend it

1 in a rural wire center?

2 A. Yes, sir. And that's exactly --
3 absolutely.

4 Q. So it's possible you could get support,
5 say, from a CenturyTel wire center but spend that money in
6 say a Grand River Mutual Telephone Company wire center?

7 A. I guess --

8 MR. LaFURIA: I'm sorry, your Honor.
9 Objection. We're getting really far afield into policy
10 and specific FCC rule questions here, which this witness
11 did not testify to and I don't think he's prepared to
12 answer.

13 MR. ENGLAND: On the contrary, your
14 Honor --

15 JUDGE WOODRUFF: I'll overrule the
16 objection. Answer if you can.

17 BY MR. ENGLAND:

18 Q. I'm trying to get to the commitment and the
19 ability to demonstrate that commitment that you're
20 spending money where you say you're spending it, so -- and
21 I'm just asking for your understanding. I'm not asking
22 for a legal opinion.

23 But it's your understanding, if I
24 understand -- I hate to use -- it's your understanding
25 that if you receive money, we'll say, in one rural wire

1 center served by CenturyTel, that you will reinvest that
2 in another rural wire center, even though it may be served
3 by another ILEC?

4 MR. LaFURIA: I want to renew my objection
5 on -- there's a very specific legal answer to that
6 question which this witness has never testified to and is
7 not prepared to answer.

8 JUDGE WOODRUFF: Again, the objection is
9 overruled. He can answer.

10 THE WITNESS: I can't answer that question.

11 BY MR. ENGLAND:

12 Q. Do you know if you receive USF support from
13 a rural wire center, whether you will spend that in a
14 non-rural wire center in Missouri?

15 A. I do not know the answer to that question.
16 Our focus is on the rural area where they currently do not
17 have coverage today.

18 Q. How then can you make the commitment, sir,
19 in your testimony, as you have done extensively today and
20 through your prepared written testimony, that you will
21 spend these dollars that you get in the rural high-cost
22 area back in the rural high-cost areas?

23 A. Well, as I just said, our focus is going to
24 be on these rural areas that currently do not have
25 coverage, and we know where they do not have coverage, our

1 coverage or other carriers' coverage. And we want to
2 provide coverage for consumers today that are unable to
3 make that phone call or unable to run their business one
4 way or the other with the ability to call back and to and
5 from. The fact of the matter is, we know where there's
6 some opportunities out there and the customers have asked
7 for help and we want to provide them, and it's in the
8 rural areas.

9 Q. I understand your focus, sir. I want to
10 know more about your commitment and how you can
11 demonstrate that you can adhere to it.

12 A. All the support we get dollar for dollar
13 will be invested in these areas, the rural areas that we
14 currently do not have coverage today.

15 Q. Even though you don't know if you can take
16 those dollars from the rural areas and spend them in
17 non-rural areas? I believe that was your earlier --

18 A. Our focus will be rural and we're
19 accountable for that.

20 Q. But you don't know if you can take rural
21 dollars and spend them in non-rural areas?

22 A. I do not know that.

23 Q. Do you know whether or not you are required
24 to spend the USF dollars you receive, in addition to the
25 money you're currently spending, in rural areas? And I

1 can give you a hypothetical for that.

2 A. Please do.

3 Q. Let's assume today that U.S. Cellular is
4 spending approximately \$1 million a year in rural wire
5 centers. As a result of a grant of ETC status, you
6 receive on an annual basis 8 million. Do you know if your
7 requirement is to spend 9 million that following year or
8 if your requirement is to simply spend 8 million?

9 A. I think Mr. Lowell had testified earlier,
10 we have -- we have a focus on Missouri to build out
11 Missouri across the board. Beyond any assistance that we
12 would get from ETC status, this would be incremental. We
13 have opportunities, as you can see on that map. There's
14 white all over the place. We're not going to color that
15 map in all ETC status. That is not our plan. Our plan is
16 to go and focus on Missouri with what we know we need to
17 do with our current capital budgets moving forward, as
18 well as this. This is incremental.

19 Q. I was going to say, if I understand your
20 answer, and particularly the use of the word incremental,
21 if you're spending a million today without USF support and
22 tomorrow you get 8 million in USF support, it would be
23 your intent to spend a total of 9 million?

24 A. That's correct. It's on top of.

25 Q. Would you agree with, I believe it was

1 Mr. Lowell's testimony that U.S. Cellular does not compile
2 or maintain historical capital expenditures by state?

3 A. That's correct.

4 Q. And is it fair to say that U.S. Cellular
5 does not compile or maintain that historical data by wire
6 center within the state?

7 A. To my knowledge, no. No.

8 Q. That is a correct statement or that is an
9 incorrect statement?

10 A. We do not have those numbers by wire
11 center.

12 Q. And with respect to capital budgeting, is
13 it also my understand -- is it also your understanding
14 that U.S. Cellular does not compile and maintain capital
15 budgets for its Missouri operations?

16 A. Not -- no, we do not.

17 Q. And that would be the same for wire centers
18 within Missouri?

19 A. That's correct.

20 Q. Now, at page 12 of your direct testimony,
21 line 6, you state that U.S. Cellular has invested
22 approximately \$160 million in its Missouri network to
23 date, correct?

24 A. That's correct.

25 Q. How do you know how much you've spent in

1 Missouri if you don't maintain historical financial
2 information by state?

3 A. The information that's in my testimony is
4 an estimate of what we have spent in Missouri over the
5 years in the area of capital.

6 Q. What do you base that estimate on, sir?

7 A. Actually cell site builds, through
8 accounting we can pull up the -- let me make sure I
9 clearly state the facts here. We are -- we do not operate
10 state by state by state. We have areas. For example, we
11 call them markets in the case of Oklahoma, where they pick
12 up the Joplin market. So there are some bleed-over in our
13 areas of responsibility that make it difficult to pull
14 right down to a state-by-state level.

15 We do not have ongoing reporting that would
16 show us the information you're looking for, what Missouri
17 is in capital or what Missouri's budgets are in general.
18 We do not define it by state, as it relates to our current
19 accounting practices and the way in which we report on an
20 ongoing basis.

21 Q. So let me get back to the basis for your
22 estimate of 160 million. Is it fair to say what you did
23 was look at the facilities you have in Missouri and
24 identify what the cost of those facilities would be today
25 if you were to build them?

1 A. We asked for in that particular number
2 through accounting to give us a best guesstimate as to
3 what we've put in the state of Missouri specifically. So
4 how they came to that number, I do not know.

5 Q. As of what date was that investment amount?
6 Was that the date of your testimony?

7 A. I do not know. I do not know.

8 MR. ENGLAND: May I have an exhibit marked?

9 JUDGE WOODRUFF: You may.

10 MR. ENGLAND: This is a press release
11 issued by U.S. Cellular on July 28th of '05.

12 JUDGE WOODRUFF: This is No. 20.

13 (EXHIBIT NO. 20 WAS MARKED FOR
14 IDENTIFICATION BY THE REPORTER.)

15 BY MR. ENGLAND:

16 Q. Mr. Wright, directing your attention to
17 what has been marked for purposes of identification as
18 Exhibit 20, this is a press release that we obtained from
19 the U.S. Cellular website. Have you seen this before?

20 A. No, I have not.

21 Q. Do you have any reason to believe it's
22 inaccurate or --

23 A. No, I do not.

24 Q. I'm particularly interested in the
25 highlighted language in that first paragraph. Well, first

1 of all, the fact that it was issued on July 28th of this
2 year, but secondly, that it says U.S. Cellular has hired
3 more than 400 people and invested approximately 90 million
4 to build a new cellular network with nearly 300
5 state-of-the-art wireless towers to blanket the greater
6 St. Louis area. Do you see that?

7 A. Yes, sir.

8 Q. My question is, would that 90 million be
9 part of the 160 million that you have testified to in your
10 testimony?

11 A. No, sir. It's my understanding that
12 160 million is prior to any expenses for St. Louis, my
13 understanding.

14 Q. Of the approximate 160 million that you
15 have spent exclusive of the St. Louis market, then, how
16 much has U.S. Cellular invested in the rural markets of
17 Missouri?

18 A. I do not know the exact number. A very,
19 very large percentage of those towers would be in rural.

20 Q. And it would be your focus and your
21 commitment to continue to make that kind of investment in
22 the future in those rural markets, whether or not you
23 receive USF support?

24 A. Absolutely, yes.

25 Q. I hate to plow this ground. I'm not sure I

1 got an answer to it. It is not your -- excuse me.

2 Is it your understanding that if you do
3 obtain USF dollars in Missouri, that it is not appropriate
4 to spend those in your St. Louis market area?

5 A. The focus of the money received will be in
6 rural America, and that's our commitment is to rural
7 America with the monies received.

8 Q. Rural America in Missouri?

9 A. Yes, sir.

10 Q. Correct?

11 A. Yes, sir.

12 Q. And that would not include St. Louis, then?

13 A. Our focus will be in rural America, that is
14 correct. It will not include St. Louis.

15 Q. Would it include Columbia?

16 A. It could. The initial phases, no, it
17 doesn't, the 16 as we've defined there. But again, we
18 have a little white still to get covered.

19 Q. Well, I guess --

20 A. So no, initially it does not include
21 Columbia.

22 Q. Would it include Springfield?

23 A. I don't know the answer to that question.

24 Q. Joplin?

25 A. Currently have Joplin covered. No.

1 Q. St. Joseph?

2 A. Possibly the outskirts of St. Louis --
3 excuse me -- St. Joe.

4 Q. At page -- excuse me a second. Before I
5 leave this topic, later in the press release, you
6 indicate -- sorry -- U.S. Cellular indicates that there
7 are approximately 300 new cell sites in Missouri; is that
8 correct?

9 A. 300 new cell sites built out of St. Louis.

10 Q. I'm sorry?

11 A. Within the -- I think -- are you reading to
12 the same -- this first underlined paragraph, 300
13 state-of-the-art wireless towers to blanket the Greater
14 St. Louis area?

15 Q. Right. And then I think either restates it
16 or states something similar --

17 A. Oh, I got you.

18 Q. -- three paragraphs down.

19 A. 300 new cell sites with the launch of
20 St. Louis.

21 Q. Okay. How does that compare with total
22 cell sites in the state of Missouri, do you know?

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

24 Q. To your knowledge, down there at the very
25 bottom --

1 A. Yes, sir.

2 Q. -- highlighted again, I think, or
3 underscored, it says, in addition to St. Louis, the
4 company operates 11 retail stores and 69 agent locations
5 and employs 121 associates. Do you see that?

6 A. Yes, sir.

7 Q. Would it be your understanding that that's
8 an accurate statement of the number of retail stores,
9 agent locations and I guess employees outside the Greater
10 St. Louis area but within the state of Missouri?

11 A. That's correct.

12 MR. ENGLAND: I'd offer Exhibit No. 20.

13 JUDGE WOODRUFF: Exhibit 20 has been
14 offered into evidence. Are there any objections to its
15 receipt?

16 (No response.)

17 JUDGE WOODRUFF: Hearing none, it will be
18 received into evidence.

19 (EXHIBIT NO. 20 WAS RECEIVED INTO
20 EVIDENCE.)

21 BY MR. ENGLAND:

22 Q. At page 1 of your direct, Mr. Wright,
23 lines 19 and 20, you indicate that the average cost to
24 construct a new cell site typically exceeds 250,000. Do
25 you see that?

1 A. I see that, yes.

2 Q. And my rudimentary math would tell me that
3 16 cell sites would mean approximate -- or an average cost
4 of roughly 4 million, based on this, correct?

5 A. Correct.

6 Q. I think later in your surrebuttal
7 testimony, page 1, line 18, you indicate it will cost
8 approximately 6 million to construct these
9 16 million -- excuse me -- these 16 cell sites, not
10 including significant switch and capacity upgrades,
11 ongoing costs of maintenance and related infrastructure.
12 Do you see that?

13 A. Yes.

14 Q. Is there a discrepancy between those
15 numbers or can they be reconciled, the 4 million that
16 I've sort of calculated from your first testimony and the
17 6 million?

18 A. I'm not the expert on the actual build of
19 the towers. These numbers are put together with the
20 experts and what it could cost to build 16 cell sites and
21 any other associated costs putting these 16 cell sites
22 within our switching. The number that I have been told is
23 approximately \$6 million.

24 Q. So if you had to pick one or the other
25 today, you think the \$6 million is closer to accurate than

1 the 4 million?

2 A. Yes.

3 Q. Do you know why the 50 percent change in
4 cost estimates from your direct to your surrebuttal?

5 A. No, I do not.

6 Q. As part of that 6 million, you talk about
7 capacity upgrades -- excuse me -- switch and capacity
8 upgrades, and I realize those are two separate items.
9 Let's talk about a switch. First of all, where are your
10 switches in Missouri?

11 A. They're all over. Again, I'm not the
12 expert specifically where they are. One in Columbia, one
13 in Mansfield, southern Missouri. Beyond that, I don't
14 know all the specifics. I'm not the one to ask that
15 question.

16 Q. But a switch typically covers a much larger
17 area than a wire center, for example?

18 A. I don't know the answer.

19 Q. So what kind of switch upgrades are
20 associated with these additional cell sites, if you know?

21 A. I do not know.

22 Q. What kind of -- well, what kind of capacity
23 upgrades would be associated with these 16 cell sites?

24 A. I would not know the answer to that either.

25 Q. Do you know what additional maintenance

1 costs or related infrastructure costs would be associated
2 with these?

3 A. I do not.

4 Q. Do you know if they would all be located in
5 the rural wire centers or if some of these switch and
6 capacity upgrades, maintenance increases and related
7 infrastructure might actually be in the non-rural areas
8 like St. Louis, Columbia, Springfield?

9 A. I would not know the answer to that
10 question.

11 Q. I'm going to switch gears on you. Page 5
12 of your direct, lines 11 through 22. It's rather lengthy,
13 but in general, it appears that you are discussing your
14 efforts to advertise your service, as well as evidencing
15 your commitment to do so throughout the service area if
16 you're designated as an ETC. Do you see that?

17 A. Uh-huh.

18 Q. Just as an example, and we've been talking
19 about the Bernie or the Parma exchanges served by BPS
20 Telephone Company down here in the southeast part of the
21 state.

22 A. Excuse me. Whereabouts are you at again?
23 I think I lost you.

24 Q. I think it was 5 direct.

25 A. Page 5, direct. What lines?

1 Q. 11 through 18.

2 A. Okay. Thank you.

3 Q. As I said, I think you're discussing your
4 efforts to advertise, as well as your commitments to
5 advertise if designated as an ETC. My question is, with
6 the Bernie and Parma exchanges in mind and given the fact
7 that there doesn't appear to be any coverage there at this
8 time or in the near future, what kind of advertising
9 efforts do you do to make yourself known down there?

10 A. The answer --

11 Q. Or excuse me. Make your services known.

12 A. We will advertise in the area that you're
13 speaking of specifically. Paper -- newspaper, radio are
14 two most common formats that would be really no different
15 there or other areas of southern Missouri. Our commitment
16 is to advertise in all these areas.

17 Q. So if you're designated as an ETC for the
18 entire area that you seek, it's reasonable to assume that
19 you are going to be contracting with all of the
20 periodicals or the newspapers that cover this entire area
21 and placing ads to advertise your services on a periodic
22 or regular basis?

23 A. The answer to your question is yes.

24 Q. In response to I believe it was a question
25 from Mr. Poston for the Staff, he asked you something to

1 the effect that, if required to do so, can you prepare a
2 five-year plan as discussed or required by the FCC, and I
3 believe your answer was you could do so in 30 days. Do
4 you recall that?

5 A. We asked for 30 days to pull it together.

6 Q. But you think you can do it within 30 days?

7 A. We would be committed to doing it within
8 30 days.

9 Q. And this would be the plan that has the
10 various specifics as enunciated by the FCC's Report and
11 Order issued earlier this year?

12 A. Working with our legal counsel, we would
13 fulfill whatever requirements we were asked to fulfill.

14 Q. In your opinion, it is not impossible to
15 prepare a five-year plan up front or prior to designation
16 as an ETC for your Missouri properties?

17 A. We just -- with only knowing what we know
18 now, one year at a time, it seems very difficult to pull
19 that information together. We really see -- we're really
20 trying to understand how it would really help, but if
21 that's the direction that we need to go, then we
22 absolutely will respond.

23 Q. And my question is, then, it is not
24 impossible?

25 A. It's not impossible.

1 MR. ENGLAND: Okay. Thank you very much.

2 I have no other questions.

3 JUDGE WOODRUFF: For SBC?

4 CROSS-EXAMINATION BY MR. GRYZMALA:

5 Q. Hi, Mr. Wright. My name is Bob Gryzmala
6 for SBC Missouri. I just have a few questions of you.

7 I don't believe I got it down correctly,
8 but I want to make certain of this. You mentioned a
9 figure of \$8.25 with respect to a Life Line discount.

10 A. That's correct.

11 Q. Can you remind me the significance of that
12 figure?

13 A. If you qualify for Life Line, you will get
14 an \$8.25 discount on a monthly basis on your service.

15 Q. Do you know whether that would be
16 applicable only in the case of a rural telephone company
17 customer, as opposed to a customer of a non-rural company
18 like SBC?

19 A. I do not know the answer to that question.
20 I know to rural right now, they do apply, they do qualify.
21 So I don't think I know the answer to that question.

22 Q. Would you know whether or not the EUCL, as
23 it were, or the end user common line charge, which is a
24 component of that discount, would be different for SBC
25 Missouri than for a rural telephone company?

1 A. I don't know the answer to that.

2 Q. It would not surprise you or you don't
3 disagree with the proposition that it could differ?

4 A. It could differ.

5 Q. All right. You mention as well as I
6 believe Mr. Lowell had mentioned that U.S. Cellular has
7 plans in place today to construct sites in Missouri, that
8 is cell towers in Missouri other than the 16 it is
9 prepared to commit to the Commission; is that correct?

10 A. That's correct.

11 Q. Would any of these sites or these cell
12 towers be constructed in rural Missouri, according to the
13 current plan?

14 A. Yes.

15 Q. How many?

16 A. I don't know right offhand.

17 Q. How many total towers do you anticipate
18 building, apart from the 16?

19 A. I do not have that information, but I can
20 tell you a lot of them are in rural America.

21 Q. More than 20, less than 20?

22 A. More than 20, but I don't know any more
23 than that.

24 Q. More than 20 there's anticipated to be
25 built in Missouri in 2006, above and beyond the 16 to

1 which you're committing here?

2 A. Right.

3 Q. I want to be fair about that.

4 A. Yes.

5 Q. That's fair?

6 A. Yes, that's fair.

7 Q. And you don't know which proportion of
8 those or which numbers of those 20 might be deployed in
9 rural Missouri?

10 A. Not offhand, I do not.

11 Q. But you know some will?

12 A. I know some will, absolutely.

13 Q. There was a discussion about \$8 million
14 between yourself and Mr. Stewart. I think you were
15 talking about the receipt of anticipated USF monies. Do
16 you remember that?

17 A. Uh-huh.

18 Q. Would you know whether or not, according to
19 the latest projections, your company could look to receive
20 \$2.2 million per quarter?

21 A. I've not heard that number, no.

22 Q. You don't know if that's accurate or not?

23 A. I do not. I'm being told it's 2 million a
24 quarter. That's all I know.

25 Q. You were pretty close, though, right?

1 A. Pretty close.

2 Q. 2.2 and 2 million is pretty close?

3 A. Yes.

4 Q. So you don't know whether, for example, the
5 Universal Service Administrative Corporation has indicated
6 a figure of \$2.2 million?

7 A. I do not know that.

8 Q. Let's just assume for a moment it has. It
9 would be fair to state, then, assuming an 18-month plan,
10 that's six quarters, correct?

11 A. Uh-huh.

12 Q. Six times 2.2 yields a figure of 13.2,
13 correct?

14 A. Correct.

15 Q. That would mean that, under current
16 projections, U.S. Cellular, if granted ETC designation,
17 could anticipate receiving over the next 18 months
18 \$13.2 million, correct?

19 A. Correct.

20 Q. Okay. Now, under the latest figures
21 reflecting a shift from your direct to your surrebuttal,
22 the anticipated deployment cost of the 16 cell sites is
23 \$6 million?

24 A. Uh-huh.

25 Q. And I grant you, I believe you said it

1 could -- it would not necessarily include switch upgrades,
2 but is it fair that that's the number you gave in your
3 testimony?

4 A. That is the number I gave. That's our
5 commitment.

6 Q. That would represent a difference, sir,
7 would it not, of \$7.2 million --

8 A. Yes.

9 Q. -- in monies received over the next 18
10 months versus monies which represent the cost to meet your
11 commitment to the Commission?

12 A. Right.

13 Q. Okay. That's all. Thank you.

14 A. Well, I do need to add to that, though,
15 it's my understanding as well, that come October of this
16 year, when we have -- if we're granted, we'll have to
17 recertify, and at that particular point we have an
18 opportunity to regroup as to where we are to date and
19 prove to this Commission how much money we have spent,
20 where we spent it, and monies going forward.

21 So my understanding is that this next year
22 we have the opportunity to look at those numbers and show
23 our accountability to this Commission as to what we are
24 doing and that we are focusing on the rural markets.

25 Q. I understand. I appreciate that point, and

1 I found that it was reflected in your earlier remarks. My
2 sole purpose was to make sure that we weren't
3 misunderstood between a figure of \$8 million versus a true
4 number here, is what we're really talking about, sir, are
5 we not, of 13.2 million, correct?

6 A. 13.2 million will be reinvested back into
7 all these areas. So if we're getting more than what we
8 think we're actually going to -- what it's actually going
9 to cost us, it will go cell site for cell site additional
10 back into these markets.

11 Q. The money will be deployed so as to improve
12 your service coverage, your quality and your capacity; is
13 that correct?

14 A. Our service, our quality, our coverage.
15 The focus is on coverage.

16 Q. Do you know whether any of the 16 cell
17 sites you propose building, sir, will actually improve the
18 service coverage quality or capacity in any of the areas
19 encompassed by the 146 SBC Missouri wire centers you've
20 sought ETC designation for?

21 A. What I do know is in these 16 areas that
22 we're proposing putting sites, they have currently not
23 reliable coverage today. And I will state personally, in
24 that this is an area that -- as I started with U.S.
25 Cellular years and years ago, these are areas and

1 territories that I actually drove myself and currently do
2 today, and there is absolutely a need for coverage
3 specifically in the areas we're highlighting in northern
4 Missouri and southern Missouri. There's opportunities to
5 improve and ultimately quality --

6 MR. GRYZMALA: Your Honor, I'm going to
7 respectfully move to strike the answer as not responsive
8 and ask you to direct him to answer the question asked.
9 My question was specifically directed to whether or not
10 the 16 cell sites that were proposed to be built, whether
11 he knows whether it will improve coverage among the 146
12 SBC Missouri wire centers they're seeking ETC designation
13 for. That was my specific question.

14 JUDGE WOODRUFF: I'll sustain the
15 objection. Strike the response, and if you can answer the
16 question.

17 THE WITNESS: I don't have specifically to
18 the SBC area. No, I do not.

19 BY MR. GRYZMALA:

20 Q. You do not know?

21 A. No, I do not.

22 MR. GRYZMALA: Thank you very much. Just
23 one more moment. That's all I have. Thank you, sir.

24 JUDGE WOODRUFF: We'll come up for
25 questions from the Bench. Commissioner Appling, do you

1 have any questions?

2 QUESTIONS BY COMMISSIONER APPLING:

3 Q. Mr. Wright, are you going to be around
4 tomorrow?

5 A. I can be.

6 Q. Not necessarily. I just thought you might
7 want to hang around Jefferson City for a while.

8 A. I'd love to.

9 Q. If you're not going to be here and your
10 schedule causes you to be some other place, that's fine.
11 But I apologize for not being here this morning, and I
12 don't have any questions at this time for you. Thank you
13 anyway.

14 MR. ZOBRIST: Commissioner, he clearly will
15 be here tomorrow, if you have any questions.

16 COMMISSIONER APPLING: Thank you very much
17 for volunteering him to hang around.

18 THE WITNESS: I will be here.

19 COMMISSIONER APPLING: Thank you.

20 JUDGE WOODRUFF: Thank you.

21 QUESTIONS BY JUDGE WOODRUFF:

22 Q. I have just a general question, and you may
23 not be the person to answer this. If that's the case,
24 just let me know. Can you tell me in general terms how
25 the amount of USF support is calculated?

1 A. I cannot, sir.

2 Q. Is there another witness for U.S. Cellular
3 that might be able to?

4 A. I'm not sure who would answer that question
5 for us. I would defer to my attorneys.

6 JUDGE WOODRUFF: I'll ask the attorney
7 right now.

8 MR. LaFURIA: I could volunteer Mr. Wood
9 can answer policy and operational questions of how support
10 is provided to competitors, then.

11 JUDGE WOODRUFF: Thank you.

12 BY JUDGE WOODRUFF:

13 Q. You're off the hook, then. Can you tell me
14 a little bit more about how U.S. Cellular will meet its
15 obligation to serve as the carrier of last resort to a
16 customer who have might want the service from you?

17 A. We will -- we will take seriously our
18 six-step process, work through every opportunity we can to
19 get that customer service. We just feel really strongly
20 about that. That is something that's recently new out
21 there as a process to use, and that's a process that
22 ultimately gets us a satisfied customer, or at least an
23 answer.

24 Q. Can you tell me what the six-step process
25 is?

1 A. It starts with the handset, and works all
2 the way to working through the opportunities to, as I
3 mentioned earlier, point panels certain areas, try to
4 enhance what we currently have today to expand our
5 coverage, repeaters, putting repeaters up, reselling
6 opportunities, meaning that that's the fifth one, where we
7 actually go, as I mentioned earlier in testimony, to go
8 and ask another carrier, all right, this customer wants
9 service, we'll put them on our billing, will you please
10 give them service? And they still get the Life Line
11 discounts or any other rate plans that we have today.

12 We work through all steps to completion.
13 Our commitment to you, sir, and to this committee is, we
14 get to that sixth step and we cannot satisfy that
15 customer, we will absolutely communicate to this
16 Commission as to why we cannot, detail as to why. Our
17 full intention is to -- is to do just that.

18 Q. I believe you said the sixth step was
19 building a cell tower?

20 A. The last step.

21 Q. Last resort?

22 A. Right.

23 Q. And if this is the only -- truly the only
24 customer in that area that's looking for your service,
25 you're probably not going to build them a cell tower?

1 A. No. That's correct.

2 JUDGE WOODRUFF: All right. I guess that's
3 all the questions I have. Any recross based on those
4 questions, Public Counsel?

5 MR. DANDINO: No questions, your Honor.

6 JUDGE WOODRUFF: Staff?

7 MR. POSTON: No questions.

8 JUDGE WOODRUFF: CenturyTel?

9 MR. STEWART: Just two.

10 RE-CROSS-EXAMINATION BY MR. STEWART:

11 Q. Okay. So, Mr. Wright, U.S. Cellular would
12 be willing to accept the carrier of last resort obligation
13 if necessary; is that correct?

14 A. That's correct.

15 Q. And as part of your six-step approach,
16 where does resale come in?

17 A. Fifth.

18 Q. Fifth?

19 A. Fifth.

20 Q. So if you got past four, you would rely on
21 resale arrangements to fulfill your carrier of last resort
22 obligation?

23 A. That's correct.

24 Q. So you'd kind of be the carrier of next to
25 last resort?

1 A. (Witness nodded.)

2 MR. STEWART: Thank you. That's all I
3 have.

4 JUDGE WOODRUFF: STCG?

5 MR. ENGLAND: No questions.

6 JUDGE WOODRUFF: SBC?

7 MR. GRYZMALA: No, sir.

8 JUDGE WOODRUFF: Any redirect?

9 MR. LaFURIA: Yes, sir.

10 REDIRECT EXAMINATION BY MR. LaFURIA:

11 Q. Mr. Wright, when Mr. Dandino was asking you
12 questions, sorry to be critical of his math, but he
13 referred to 400 minutes of three hours. Is it correct
14 that's really more like over six hours?

15 A. That's correct.

16 Q. I'm sorry. I had to do it. I just want to
17 clarify very briefly, if I understand your correction on
18 cross from one of the answers, a Life Line customer who
19 takes your service and leaves you after less than two
20 years is not going to be liable to the company for the
21 \$150 termination charge?

22 A. There are no charges, cancellation charges,
23 that's correct.

24 Q. And if such a Life Line customer comes to
25 you and they do not meet your credit requirements, will

1 you still provide them the basic Life Line plan that you
2 offer without a requirement for a deposit?

3 A. That's correct. We will waive the deposit
4 for a Life Line customer. We will restrict toll beyond
5 our own areas, roaming, but they can come on service
6 without any up-front cost as it relates to a deposit.
7 That's correct.

8 Q. Thank you. I think you were asked a
9 question about whether a landline caller calling your
10 customer has to pay toll in certain EAS areas. You don't
11 have any ability to affect how a rural ILEC rates calls
12 for its customers?

13 A. No, I do not. No.

14 Q. I'm sorry. If you'd just wait until I'm
15 finished, that will help.

16 A. I'm sorry.

17 Q. Just recently, you testified that the
18 company -- you testified that the company just recently
19 received authority to bump up its lowest price rate plan
20 from 125 to 400 minutes, and I'd like to know what you
21 think the likelihood is in the future that the company
22 would change that rate plan to take the number from
23 400 down to a lower number?

24 A. Very unlikely. This industry is extremely
25 competitive. That would be a move that would put us in a

1 disadvantage. Very unlikely.

2 Q. Given the schedule for this proceeding and
3 the likelihood that a decision will not be made until the
4 first part of '06 by the time Briefs and everything else
5 is filed, is it fair to say the company is likely to only
6 receive between four and seven months of support before it
7 has to file a plan to this Commission of some sort based
8 on rules that are now being developed?

9 A. Yes. Yes.

10 Q. Have you been advised that it is reasonably
11 likely or at least reasonably possible that the actual
12 amount of support that the company receives for universal
13 service could well be significantly different from what
14 USAP projects in its reports that everyone refers to?

15 A. Yes.

16 Q. Could that number be significantly lower
17 than what's projected?

18 A. Yes.

19 Q. If the Life Line customer takes your
20 400-minute rate plan and runs into a problem with overage
21 minutes, of using more than 400 minutes per month, do your
22 sales associates, are they alerted that they need to reach
23 out or make contact with that consumer to try to put them
24 on a rate plan that more closely fits their pattern of
25 usage?

1 A. Yes, they are.

2 Q. And if a customer has a real problem in
3 this area, is it also possible that you could offer them a
4 prepaid rate plan as a way of holding down their overage
5 charges?

6 A. Yes, we could.

7 Q. In your mind, is roaming agreements with
8 partners you have, is that a form of resale?

9 A. Say the question one more time.

10 Q. Yes. Currently, does the company have
11 roaming agreements with other wireless carriers that would
12 allow your customers to use their networks in other parts
13 of the state?

14 A. Yes, we do.

15 Q. And is that a form of resale?

16 A. Yes, I guess it would be.

17 Q. And in terms of a customer out in one of
18 these white areas today, if a customer -- if you were an
19 ETC and now you have an obligation to provide service to
20 this customer where you might not today, if that customer
21 comes to you and asks for service, is providing them
22 service any more difficult than putting them on one of
23 your rate plans and using roaming?

24 A. No, sir.

25 Q. Well, it sounds to me -- and I can't --

1 there was a question this morning that seemed to
2 contradict this. It seems to me you have everything you
3 need to have in place to offer and advertise and actually
4 service throughout your six-step plan through the area?

5 A. I sure do.

6 MR. STEWART: Object to the form of the
7 question.

8 JUDGE WOODRUFF: Sustained.

9 BY MR. LaFURIA:

10 Q. Can you tell me whether, based on your
11 network that you have now, roaming agreements that you
12 have in place, can you tell me whether the company is
13 capable of fulfilling its six-step plan in provisioning
14 service throughout its proposed ETC service area?

15 A. Yes, we're capable, and we've shown that in
16 the other states that we currently have this status in.

17 Q. Do you know whether the company made a
18 similar commitment with respect to having cell sites in a
19 pattern like this, whether the company made a similar
20 commitment when it filed its application in Oregon?

21 A. I do not know that.

22 Q. If the company receives a designation and
23 gets universal service support, is it the company's
24 intention to segregate its universal service money so that
25 it can be properly accounted for to this Commission?

1 A. I'm sorry. One more time.

2 Q. If the company receives a designation and
3 let's say \$8 million comes in, is it the company's
4 intention to use some accounting method to segregate that
5 \$8 million in its budgets or planning or any other process
6 so that this Commission can be assured that that
7 \$8 million went where it was supposed to?

8 A. I understand your question. We have the
9 systems in place now where we'll be able to track monies
10 received versus expenses. Yes, we have the systems in
11 place.

12 Q. Do you, in fact, do that in other states?

13 A. Yes, in Oregon, Washington and Oklahoma, as
14 well as Wisconsin markets. Yes, sir, we do.

15 Q. Do me a favor, please, and turn to your
16 direct testimony on page 18, and while you're getting
17 there, you were asked a little bit earlier about whether
18 the company would agree to abide by the FCC's Report and
19 Order of March 17, 2005. And I'd like you to please
20 review the testimony that starts with the question on
21 line 21 at the bottom of 18, and I'd like you to actually
22 just take a couple of minutes and work your way all the
23 way over to page 21.

24 And I want you to look at all that, and
25 then when you're done, let me know and I'm going to ask

1 you a couple of questions.

2 A. Page 21?

3 Q. Yes, sir.

4 A. Okay.

5 Q. Do you understand that the questions
6 beginning at the bottom of page 18 and working their way
7 through 21, that those questions represent the specific
8 commitments that the FCC required in its March 17th Order?

9 A. Yes, I do.

10 Q. And do you see your answers to each of
11 those questions? Would your answers -- would the
12 commitments that you make there in those three pages, are
13 those commitments still applicable today?

14 A. Yes, they are.

15 Q. So in effect, U.S. Cellular does not have a
16 problem with the FCC's March 17th Order; is that correct?

17 A. No, we do not.

18 Q. Thank you. Can you tell me when a Life
19 Line customer of a wireline telephone company buys service
20 and they make intraLATA toll charges, whether they have to
21 pay for those calls?

22 A. I believe they do.

23 Q. Do you know how many years U.S. Cellular
24 plowed the ground in rural areas before it got the Chicago
25 market?

1 A. Approximately 20 years, Missouri
2 specifically since 1989.

3 Q. How about St. Louis?

4 A. Three months.

5 Q. How long was U.S. Cellular in rural areas
6 before it got to St. Louis?

7 A. Close to 20 years.

8 Q. On this map, our 16 cell sites the company
9 will begin -- will build to begin its commitment as an
10 ETC, can you tell me from your specific knowledge in
11 Missouri what benefits consumers will find and receive in
12 those areas, those light green areas if this application
13 is designated?

14 MR. ENGLAND: Objection, I believe this
15 goes beyond the scope of the cross-examination.

16 JUDGE WOODRUFF: Sustained.

17 MR. LaFURIA: Okay. I had an answer to
18 that before your ruling, your Honor.

19 JUDGE WOODRUFF: Go ahead.

20 MR. LaFURIA: There was some very specific
21 questions of the witness concerning what benefits will
22 consumers see in rural areas, will they see wider local
23 calling area, will they see mobility, and I'm trying to
24 get him to focus on the specific benefits that those
25 consumers in those areas will see.

1 JUDGE WOODRUFF: All right. I'll change my
2 ruling. Go ahead and inquire.

3 MR. LaFURIA: Thank you.

4 THE WITNESS: Go back to the question,
5 please.

6 MR. LaFURIA: Would you read that back?

7 THE REPORTER: "Question: On this map, our
8 16 cell sites the company will begin -- will build to
9 begin its commitment as an ETC, can you tell me from your
10 specific knowledge in Missouri what benefits consumers
11 will find and receive in those areas, those light green
12 areas if this application is designated?"

13 THE WITNESS: Currently today they have
14 very little coverage, if any at all. My personal
15 experience in these areas in traveling these areas and
16 growing up in Missouri is there is very little coverage
17 down in these areas. Consumers today, hopefully customers
18 in the future will be awarded the opportunity to have
19 coverage, wireless coverage, mobility.

20 I'm very, very keen as to where these areas
21 are. I know for a fact we can improve communication in
22 general down there, as well as northern Missouri.

23 BY MR. LaFURIA:

24 Q. I've placed Exhibit 2 up here, which is the
25 focus on the company's new cell sites. And on this map --

1 I'm not sure if you can read it from where you are --
2 there's some specific names on the cell sites there. Can
3 you tell me specifically, since you seem to have some
4 firsthand knowledge, in any of these -- and I don't want
5 you to go through all 16 and burden the record, but in any
6 of these rural communities -- now you need your glasses.

7 A. Yes, I do.

8 Q. In any of these communities, if you can
9 speak to the quality of the wireless service that
10 consumers have there currently?

11 A. A couple specifically, Livonia, which is
12 the area all the way up north just as you go into Iowa,
13 very little coverage at all, currently today. As again
14 was one of those areas I used to work as an outside sales
15 rep, and there isn't much coverage, if any at all.
16 Another one is the Brashear area, which is about 45
17 minutes south of that particular cell site, another area
18 of opportunity and very little coverage today, if at all.

19 And so the Laddonia area, which is in the
20 Missouri 13 area, which is kind of sitting off by itself
21 right now to the right, south of St. Louis, an area that
22 has had very little coverage for an extended period of
23 time, and this would greatly enhance the opportunities for
24 a person to have wireless service today. Just to name
25 three.

1 Q. Okay. Can you project for me with any --
2 even an estimate of when these communities would be likely
3 to receive your company's service if this application is
4 denied?

5 A. An estimate? Years. Years.

6 MR. LaFURIA: That's all I have, your
7 Honor.

8 JUDGE WOODRUFF: Thank you. Then,
9 Mr. Wright, you may step down. We're due for a break.
10 We'll come back at ten minutes 'til three.

11 (A BREAK WAS TAKEN.)

12 JUDGE WOODRUFF: We're back from lunch now.
13 I see that Mr. Wood has come up to the stand. If you'd
14 please raise your right hand.

15 (Witness sworn.)

16 JUDGE WOODRUFF: Be seated. You may
17 inquire.

18 DON J. WOOD testified as follows:

19 DIRECT EXAMINATION BY MR. LaFURIA:

20 Q. Mr. Wood, good afternoon. Do you have in
21 front of you an exhibit number -- I'm sorry -- marked
22 Exhibit 7, which is the direct testimony of Don J. Wood
23 filed in this proceeding?

24 A. Yes, sir, I do.

25 Q. Okay. Have you reviewed that testimony

1 before you appeared here today?

2 A. I have.

3 Q. And do you have any corrections or changes
4 to that testimony?

5 A. No, I don't.

6 Q. If you were asked those questions today as
7 they were asked in the materials in front of you, would
8 your answers be the same?

9 A. They would.

10 Q. And to the best of your knowledge,
11 information and belief, are the answers given in there
12 accurate?

13 A. Yes, they are.

14 MR. LaFURIA: Your Honor, I'd move for the
15 admittance of Exhibit No. 7.

16 JUDGE WOODRUFF: No. 7 has been offered
17 into evidence. Are there objections to its receipt?

18 (No response.)

19 JUDGE WOODRUFF: Hearing none, it will be
20 received into evidence.

21 (EXHIBIT NO. 7 WAS RECEIVED INTO EVIDENCE.)

22 BY MR. LaFURIA:

23 Q. Mr. Wood, do you have in front of you a
24 document marked as Exhibit No. 8, which is the surrebuttal
25 testimony of Don J. Wood?

1 A. Yes, sir.

2 Q. Have you reviewed that testimony before
3 coming here today?

4 A. Yes.

5 Q. And if you were asked the questions in that
6 exhibit today, would your answers be the same?

7 A. I do have two corrections. The first is
8 simply the title page. I think the originally filed title
9 page says rebuttal rather than surrebuttal.

10 MR. LaFURIA: Your Honor, if you don't
11 mind, I'd like to circulate to the parties a corrected
12 title page that says surrebuttal on it.

13 MR. ZOBRIST: The parties have copies, but
14 the Bench and the Judge need them.

15 BY MR. LaFURIA:

16 Q. And I think you mentioned a second
17 correction?

18 A. Yes, sir. Line -- I'm sorry. Page 57,
19 footnote 32, it consists of two sentences. The first
20 sentence ends with page 6. The footnote should end there.
21 The second sentence should simply be stricken from that
22 footnote.

23 Q. With those corrections, is the testimony in
24 front of you marked as Exhibit 8 accurate to the best of
25 your information and belief?

1 A. Yes, sir.

2 MR. LaFURIA: Your Honor, I would offer
3 Exhibit 8 for admittance into the record.

4 JUDGE WOODRUFF: All right. Exhibit 8 has
5 been offered into evidence. Are there any objections to
6 its receipt?

7 (No response.)

8 JUDGE WOODRUFF: Hearing none, it will be
9 received.

10 (EXHIBIT NO. 8 WAS RECEIVED INTO EVIDENCE.)

11 MR. LaFURIA: Your Honor, I tender this
12 witness for cross-examination now.

13 JUDGE WOODRUFF: For cross-examination,
14 then, beginning with Public Counsel.

15 MR. DANDINO: I have no questions,
16 mathematical or otherwise. Thank you, your Honor.

17 JUDGE WOODRUFF: Thank you. For Staff?

18 CROSS-EXAMINATION BY MR. POSTON:

19 Q. Good afternoon, Mr. Wood.

20 A. Good afternoon.

21 Q. My name is Marc Poston. I'm counsel for
22 Staff. Your testimony lists other states where you've
23 testified regarding ETC designations?

24 A. Yes, sir.

25 Q. And in how many ETC cases have you

1 testified?

2 A. 20-something. I'm not sure. I think it's
3 about 24.

4 Q. And of the cases you provided ETC testimony
5 in support of an ETC designation, have any state
6 commissions or the FCC denied ETC status?

7 A. I'll give you the answer subject to my best
8 knowledge, because what often happens is I testify and
9 nobody bothers to send me the Order. I believe the answer
10 is in Idaho and Nevada, there were petitions that were
11 rejected. And the other states they were all approved, to
12 my knowledge.

13 Q. Do you know the reasons why these were
14 rejected?

15 A. I don't.

16 Q. And were these both, I guess, reviewed by
17 the state commissions of those states?

18 A. Yes, sir.

19 Q. And in your direct testimony you say that
20 U.S. Cellular has a proven track record in other states as
21 an ETC. What do you mean when you say a proven track
22 record? What is the proven track record?

23 A. Well, they've operated as an ETC for some
24 period of time. They're not coming in as a first year of
25 operation under this program in terms of understanding the

1 federal side and also in terms of working with the state
2 regulators as part of the annual recertification, really
3 as part of an ongoing process in between annual
4 recertifications to make sure that the state has the
5 information that it needs to be comfortable that the
6 company is spending the money appropriately at
7 recertification time.

8 Q. I'd like to switch and talk about public
9 interest analysis.

10 A. Yes, sir.

11 Q. Is it U.S. Cellular's position that the --
12 that this Commission should not consider whether the
13 public interest would be served by designating U.S.
14 Cellular an ETC in non-rural areas?

15 A. I'm sorry. Can you do that once again for
16 me? I apologize.

17 Q. Is it your position that the Missouri
18 Commission should not consider whether the public interest
19 would be served by designating U.S. Cellular an ETC in
20 non-rural areas?

21 A. No. It wasn't part of the original test.
22 The FCC in its most recent order has suggested that that
23 consideration apply both in rural and non-rurals. I think
24 in terms of my testimony, what I explain is it's a moot
25 point in terms of what the public benefit would be. But

1 no, I'm not suggesting that the Commission not consider it
2 at all. It's certainly a potential area of inquiry.

3 Q. So is it your testimony that this
4 Commission has the discretion to determine whether or not
5 it will apply a public interest standard to non-rural
6 areas?

7 A. Well, if there is a state law specific
8 answer, I can't give you that. But at least in terms of
9 the federal framework, then yeah, this Commission has some
10 discretion to, No. 1, ensure and satisfy itself that the
11 standards are being met in terms of the application, and
12 then I think, more importantly, to put a process in place
13 to make sure that it's satisfied on an ongoing basis as
14 part of the recertification.

15 Q. Do you believe this Commission would be
16 fulfilling its duties to Missouri consumers if it approved
17 an ETC application for a non-rural area that it believed
18 to be detrimental to the public interest?

19 A. No.

20 Q. If U.S. Cellular is designated an ETC in a
21 wire center where the company has no customers, will U.S.
22 Cellular receive USF support for that wire center?

23 A. No. Its support is going to be based on
24 customer location, so that if it's not currently serving
25 customers in a wire center, it will receive no support

1 associated with that wire center.

2 Q. How will USF support improve the coverage,
3 service quality or capacity in wire centers currently
4 getting a signal from a U.S. Cellular tower?

5 A. It can do a couple of things. First of
6 all, let me back up one step. There's been a lot of
7 discussion on wire centers, a lot of focus on it. At some
8 level we have to remember that's an ILEC construct, and
9 they designed their networks that way and they focus that
10 way.

11 Wireless networks really aren't designed on
12 a wire center by wire center basis. They're designed on a
13 cell basis that covers some multiple wire centers, often.
14 But it's not a boundary that has a meaning in terms of
15 wireless.

16 In terms of benefit, I think it does a
17 couple of things. First of all, existing coverage may or
18 may not be adequate in terms of the quality of the calls,
19 the dropped calls, connection rates, that sort of thing.
20 There are certainly some wire centers where there is good
21 coverage in a portion of that wire center but not all, so
22 this could directly impact that.

23 And then I think the third thing that I
24 don't want to overlook is we focus on customers' homes and
25 businesses a lot because with an ILEC wireline service,

1 that's the only place they can use their phone. With
2 wireless service, there's a mobility element that's an
3 important public interest piece and the FCC has recognized
4 it as an important public interest piece.

5 So even if a customer is served at their
6 home well today, it may be that where they need to drive,
7 where they need to use the phone for their business may be
8 in a wire center area that's not well served today.

9 And I don't want to underestimate the
10 benefit to that customer. Even though it's not at their
11 home, it's still part of their life and part of why they
12 need the service.

13 Q. And I just have a few more questions.
14 These are on the issue redefining a service area.

15 A. Yes, sir.

16 Q. Can you explain how a wireless company gets
17 its service area license?

18 A. Its CGSA from the FCC?

19 Q. Correct.

20 A. How much detail? I mean, they have -- in
21 this case, there are some rural and some non-rural areas,
22 but they're going to be a rural service area where they
23 have a license, and they have build-out requirements that
24 they have to meet in order to retain that contour. So
25 it's a multi-step process, but it comes through the FCC.

1 Q. Okay. And how are the -- I don't know if
2 it's on this map, but how is that boundary set? How is
3 that established?

4 A. The RSA boundary was drawn in a manner
5 similar to the way LATA boundaries are drawn. If you have
6 a situation where a carrier has built out to a certain
7 contour, has not adequately built out beyond that within
8 the time restriction -- I'll have to look up what the
9 number of years is -- and another carrier then is able to
10 come in and take over part of that area, then part of that
11 definition is going to be a service contour rather than
12 just a line drawn on a map. But that's the more complex,
13 more unusual scenario.

14 MR. POSTON: That's all the questions I
15 have.

16 JUDGE WOODRUFF: For CenturyTel?

17 MR. STEWART: Thank you, your Honor. No
18 questions.

19 JUDGE WOODRUFF: Okay. Small Telephone
20 Company Group?

21 MR. ENGLAND: No questions, your Honor.

22 JUDGE WOODRUFF: SBC?

23 MR. GRYZMALA: No questions, your Honor.

24 JUDGE WOODRUFF: All right. Then it comes
25 on up to me here.

1 QUESTIONS BY JUDGE WOODRUFF:

2 Q. I just want some more general information
3 about how the amount of USF support is calculated. Can
4 you share on that?

5 A. Yes, sir.

6 Q. Explain that to me.

7 A. In urban areas, there is what's called
8 high-cost model support, and it's based on the FCC's
9 hybrid cost proxy model or synthesis model, and that would
10 apply to SBC. And that is a --

11 Q. Does that supply to SBC even in their more
12 rural areas?

13 A. It is not -- the dichotomy is not
14 urban/rural. It's Tier 1 versus non-Tier 1 carriers. So
15 even though they are serving in a rural area, they are
16 still not a rural carrier under the definition in the Act.
17 So they are on what's called Tier 1 model support, and
18 that's a forward-looking economic cost calculation that is
19 wire center by wire center specific. So the support
20 available in a given SBC wire center is based on the
21 calculation -- forward-looking -- calculation of
22 forward-looking costs for that wire center.

23 Q. So it could be very different depending
24 upon what the wire center is?

25 A. Yes. We talk about disaggregation of

1 support. That support is already disag-- fully
2 disaggregated by wire center, and it could be and often is
3 very different, which makes sense. If you've got a
4 carrier coming in serving a customer in a high-cost area,
5 they would be getting a higher level of support. In a
6 very low-cost area, they would not be receiving any
7 support. I think that's the benefit of disaggregation.

8 Now, that Tier 1 support is capped, and the
9 FCC has -- there's a priority -- state priority system
10 that goes through so that a limited number of states
11 actually receive the Tier 1 support because the fund --
12 that capped portion gets used up. For the rural areas and
13 for a CETC like U.S. Cellular operating in a rural area,
14 those carriers have what's called a modified embedded cost
15 calculation, where there's a formula for accounting costs
16 that's dictated by the FCC.

17 Those carriers calculate those costs and
18 report that sometimes directly, sometimes through NECA, to
19 USAC. That's converted into a per line basis. Now, they
20 get paid -- they being the ILECs get paid an annual amount
21 regardless of the number of lines that they actually are
22 serving. That gets converted, divided by the number of
23 lines into a per line basis. Then for a CETC serving in
24 that rural ILEC territory, they would receive support at
25 the same per line amount.

1 If the ILEC has disaggregated support, and
2 at least three of the companies involved here have,
3 they've gone out and done effectively what's been done for
4 the SBC area. There's specific support by wire center, so
5 that serving a low-cost wire center would not generate
6 support for U.S. Cellular. It's only when they serve
7 customers in a high-cost wire center where they get
8 support. That's the mechanism that's currently in place
9 for a CETC coming into a rural area.

10 Q. Okay. Let's look, first of all, at the
11 non-rural, the SBC exchanges. How is U.S. Cellular's
12 portion of the support payments calculated? Is it based
13 on the number of customers you have in that particular
14 exchange?

15 A. No. It's a per line amount. It's not a --
16 it's a per line amount for that exchange, and to the
17 extent the Tier 1 ILEC loses the customer, it loses the
18 support and the CETC picks it up.

19 Q. So if you have one line in that exchange,
20 you get the amount of support for one line; if you have
21 ten lines, you get the amount of support for ten lines?

22 A. That's right. And conversely, the carrier
23 that previously served those lines can lose that amount.
24 That's different than the rural areas where if U.S.
25 Cellular were to come into a rural area and pick up a

1 large number of lines, that would not reduce the amount of
2 support that actually goes to the ILEC, the rural ILEC.
3 Their amount stays constant, whether or not they're losing
4 lines to a competitor. It's a difference in the way that
5 it works.

6 Q. Their amount stays the same. Would U.S.
7 Cellular's amount change, based on the number of customers
8 or lines?

9 A. U.S. Cellular's amount always is based on
10 customers.

11 Q. Or lines?

12 A. That's right. We call it -- even though
13 there's not technically a line here, yes. If they
14 can't -- if they're not offering sufficient service
15 quality, sufficient pricing, all those things to attract a
16 customer, they get no support.

17 Q. U.S. Cellular?

18 A. U.S. Cellular. That's right. Any CETC.
19 If the ILEC -- and I'm not suggesting any of them are, but
20 if an ILEC has an excessive price or poor service quality,
21 they get their money anyway. That's not true for U.S.
22 Cellular, which is part of the reason I'm less concerned
23 about doing some affordability testing and service quality
24 standards, because there's the ultimate penalty for U.S.
25 Cellular. If the service quality isn't good or the price

1 isn't good, the customer leaves, they lose their support.

2 Q. Is the same true for a competitive landline
3 CLEC?

4 A. Yes.

5 Q. Would they be the same as U.S. Cellular?

6 A. That's right. Any CETC, competitive ETC
7 coming into the area. The rules are agnostic in terms of
8 wireline versus wireless. It would be same amount of
9 support, same rules.

10 Q. I have a question about the map that's up
11 here now, too, Exhibit 2 I believe it is. There's an area
12 around Kansas City that's delineated by the red line.
13 It's my understanding that's an area where U.S. Cellular
14 is not licensed by the FCC to provide service; is that
15 right?

16 A. That's my understanding.

17 Q. Counsel for Staff was just asking you some
18 questions about changing the study areas for the
19 incumbents. Am I misspeaking something here?

20 A. I think he brought it up, but I'm not sure
21 he ended up asking me questions about it.

22 Q. Okay. Well, that's what I'm concerned
23 about. I'm not really sure where that comes in for
24 changing the study areas. Is that related to the
25 borderline between areas where U.S. Cellular already is

1 certificated and where it's not?

2 A. Well, it very much can be, yes, because
3 that red line is not drawn along ILEC wire center
4 boundaries or ILEC territory boundaries. So there may be
5 areas served by an ILEC that across the red line U.S.
6 Cellular can't serve them, so it's got to request -- if
7 it's going to provide service anywhere, even on its side
8 of the line, if you will, it has to ask for a, quote,
9 unquote, redefinition.

10 Now, that doesn't really mean the ILEC is
11 being redefined. Their study area stays the same. What
12 we're really doing is defining for the first time U.S.
13 Cellular's ETC designation area. Redefinition is an
14 unfortunate term because it's not very accurate and it's
15 caused a lot of confusion.

16 Q. Now, we said the red line, the boundary
17 line there could be the cause. Would there be other
18 causes as well for a redefinition?

19 A. I'm just saying that particular line may be
20 part of the problem, but it's that CGSA boundary that
21 causes this problem, because those are lines on a map that
22 were drawn independently of ILEC territory lines and ILEC
23 wire center lines, so we get a mismatch. If they all lay
24 down according to boundaries, there would never be this
25 kind of scenario for redefinition, but they don't.

1 So then you get in a position where, are
2 you going to tell the customers in part of this ILEC area,
3 sorry, no funds for wireless infrastructure in your area
4 because the red line's in the way, or are you going to
5 say, well, if you use it on this side of the line, yes,
6 there are funds? On the other side, we can't help it
7 because there's not a CETC over there.

8 JUDGE WOODRUFF: All right. I believe
9 that's all the questions I have, then. Go back to recross
10 based on the questions from the Bench. Public Counsel?

11 MR. DANDINO: No questions.

12 JUDGE WOODRUFF: Staff?

13 MR. POSTON: No questions.

14 JUDGE WOODRUFF: CenturyTel?

15 MR. STEWART: No questions.

16 JUDGE WOODRUFF: Small Telephone Group?

17 MR. ENGLAND: No questions, thank you.

18 JUDGE WOODRUFF: SBC?

19 MR. GRYZMALA: Just one or two, perhaps,
20 your Honor.

21 JUDGE WOODRUFF: Come on up.

22 MR. GRYZMALA: Thank you.

23 RE-CROSS-EXAMINATION BY MR. GRYZMALA:

24 Q. Mr. Wood, Bob Gryzmala for SBC.

25 A. Yes, sir.

1 Q. Can I clarify, so that we're clear, if a
2 customer has service from U.S. Cellular and has a billing
3 address associated with a wire center covered by U.S.
4 Cellular's ETC service area, will U.S. Cellular receive
5 high-cost support for that customer?

6 A. I'm sorry. Are you asking SBC specific?
7 I'm not sure there's --

8 Q. Need not be, but if it is a -- do you need
9 her to read it back?

10 A. No, no. I think I understand your
11 question. I just wanted to make sure I was answering the
12 right question. The support is associated with the
13 customer billing address.

14 Q. Billing address?

15 A. That's right. And the FCC and Joint Board
16 have looked at that a couple times and they said, yeah,
17 it's not perfect but it's the best thing we've got, and
18 that's what we're going with. So they have reaffirmed it
19 a couple of times.

20 Q. Would that still be the case even if U.S.
21 Cellular does not have service in that wire center?

22 A. Yes, because that customer's need to use
23 their phone may not be at their principal residence. It
24 may be somewhere else, and that's the capability that's
25 being provided by the USF funds.

1 MR. GRYZMALA: Thank you so much.

2 JUDGE WOODRUFF: All right. Thank you.

3 Any redirect?

4 MR. LaFURIA: Yes, your Honor.

5 REDIRECT EXAMINATION BY MR. LaFURIA:

6 Q. Mr. Wood, in response to just the latest
7 questions, before I forget, because I don't have notes
8 yet, targeting the support base on the customers' billing
9 address, is that just an FCC rule?

10 A. Well, it is an FCC rule, yes.

11 Q. In other words, the company really doesn't
12 have any choice about how it asks for support?

13 A. Oh.

14 Q. That's what I'm trying to get at. Does the
15 company have a choice in how it asks for support for a
16 customer?

17 A. No. That is the way that a wireless ETC
18 must report to USAC, per the rule. That's right.

19 Q. So if a customer had a billing address
20 across the state line in the next state, would the company
21 get support for that line if that customer primarily used
22 his phone in Missouri?

23 A. No, no. The customer would get some
24 benefit because of the areas that would be covered where
25 they use their phone, but U.S. Cellular would receive no

1 support for that customer.

2 Q. Looking at this map, if U.S. Cellular gets
3 a customer in an area up here in the southeastern part of
4 the state where it doesn't currently have facilities, if
5 it gets a request for service down there, is it your
6 understanding that one of the company's options would be
7 to build facilities to that customer?

8 A. Yes, that's one of their options.

9 Q. And if you'll note there's an area on the
10 west side of the state where the company is not licensed
11 to provide service, and it hasn't asked for ETC out in
12 this area -- if I could just draw a line on the map --
13 this general area here (indicating).

14 A. Right. And just for clarity of the record,
15 that's the line I was discussing with Judge Woodruff.

16 Q. And if a customer out in that area were to
17 request service from U.S. Cellular, does it have any
18 ability to construct facilities to reach that customer out
19 in those areas?

20 A. It can't do it by constructing its own
21 facilities, that's right.

22 Q. Thank you. Is there any way for U.S.
23 Cellular to get support for a customer before it builds
24 facilities?

25 A. No, because if it's not actually serving

1 the customer, it can't report the line and can't receive
2 support. So it's got to begin its build-out process in
3 order to generate customers in order to generate support.

4 Q. Do you know whether competitive carriers
5 can get support if they provide service through resale?

6 A. I do know they cannot.

7 MR. LaFURIA: Your Honor, that's really all
8 I have on the cross-examination today. I do have a couple
9 of questions for Mr. Wood based on policy questions that
10 were asked of this morning's witnesses. I don't know if
11 you would provide me any latitude to give Mr. Wood an
12 opportunity to respond to those questions.

13 JUDGE WOODRUFF: Go ahead and ask your
14 questions. If someone wants to raise an objection, raise
15 an objection after the questions are asked and I'll deal
16 with it then.

17 BY MR. LaFURIA:

18 Q. Mr. Wood, do you know whether -- could you
19 state what is the standard, that is whether a competitive
20 ETC has an obligation to construct facilities throughout
21 its proposed ETC service area as a requirement of being
22 designated as an ETC?

23 A. Yes, I can. That suggestion has been made
24 a couple of times. It's been consistently rejected. It
25 was rejected by the Joint Board. It was rejected by the

1 FCC yet again in this latest Order.

2 The focus of the FCC has consistently been,
3 and I think it makes a lot of sense that it is, on
4 responding to reasonable requests for service. It may be
5 that a customer -- that a carrier needs to build out
6 further facilities, and these funds are targeted not
7 towards services or carriers but toward facilities and
8 toward networks, so that's where they should go.

9 But in terms of a build throughout, it
10 becomes a Catch-22. You've got to have invested all of
11 the money in all of the areas before you receive the
12 funds, then no one could really begin to build out these
13 areas as a CETC, and it would be totally different than
14 the way the incumbent LECs built their network over time.

15 They were receiving implicit rather than
16 explicit support through a variety of different
17 mechanisms. But they weren't denied support because
18 they'd already built part of their network before they had
19 built out. They received support over time as they built,
20 and this mechanism really creates the same structure for a
21 CETC.

22 MR. ENGLAND: Your Honor, I'm going to
23 object to the question. Just hearing the general
24 description and hearing the first answer, it's either
25 additional direct or surrebuttal that's already in the

1 case, so it's redundant, or it's new direct that we
2 haven't had an opportunity to see in the form of prepared
3 testimony and we're prejudiced by that.

4 JUDGE WOODRUFF: It does seem to be in the
5 nature of new direct, and I think you kind of acknowledged
6 that. I'm going to allow him to go ahead and offer the
7 testimony. I'm going to give the other parties a chance
8 to cross based on that testimony.

9 MR. LaFURIA: I really only have one other
10 question.

11 BY MR. LaFURIA:

12 Q. There was some discussion this morning
13 concerning regulatory requirements for carriers, and there
14 were a number of policy questions asked of the witnesses
15 this morning concerning that. And I would just like, if
16 you could please describe to me if you know the
17 difference, for the purposes of universal service, the
18 difference between the two concepts, regulatory parity and
19 competitive neutrality?

20 A. Yes. Competitive neutrality -- let me do
21 that one first -- is something the FCC explicitly adopted
22 in its rules in terms of ETC designations that prohibits
23 discrimination or selective decision-making based on the
24 underlying technology that a carrier would use. In other
25 words, if you have a wireline ETC and a wireless ETC, if

1 the -- or potential wireless ETC, if they can meet the
2 requirements, you can't deny them designation simply
3 because they're using a wireless rather than wireline
4 network.

5 The regulatory parity, at least as I would
6 define it, is something a little bit different. That is
7 going back to the rate affordability, the service quality,
8 those kind of questions. If you've got an ILEC in an area
9 that, you know, may be currently still a monopoly
10 provider, certainly in the past has been a monopoly
11 provider, in order to protect consumers you need rate
12 regulation of some form, either earnings or direct
13 regulation, and you need service quality regulation
14 because customers have no choices. There are no
15 competitive market forces to protect that customer.

16 If you were to say, well, it's for the sake
17 of regulatory parity, we're going to impose the same
18 requirements on the CETC, I think that ignores the fact
19 that that CETC is coming in -- two things, it has to win
20 the customer to get any support whatsoever, and it's not
21 the final option for the customer in terms of the ability
22 to leave that carrier and go to someone else.

23 Now, there's a requirement for a CETC to
24 state that it is willing to serve as a carrier of last
25 resort if the ILEC were to relinquish its designation, but

1 until you reach that point, you've got a fundamental
2 difference in how you protect customers. That's what I
3 think the FCC refers to in a joint order as parity for
4 parity's sake, and they recommend against that in terms of
5 applying something like customer service rules to a CETC.

6 MR. LaFURIA: That's all I have, your
7 Honor. I thank you for your indulgence.

8 JUDGE WOODRUFF: All right. Does anyone
9 wish any cross-examination based on these last two
10 questions?

11 MR. DANDINO: I do, your Honor.

12 JUDGE WOODRUFF: Go ahead, Mr. Dandino.

13 RE-CROSS-EXAMINATION BY MR. DANDINO:

14 Q. Good afternoon, Mr. Wood.

15 A. Good afternoon.

16 Q. On the issue of regulatory parity, the
17 State of Missouri requires both competitive local exchange
18 companies and incumbent local exchange companies to follow
19 the same billing and collection rules, quality of service
20 rules, and customer privacy, customer protection rules.
21 Isn't that an expression of this Commission's declaration
22 that that's in the public interest?

23 A. Well, I assume if the Commission's adopted
24 it, it certainly believes that that's in the public
25 interest in that context, that's right.

1 Q. So just because a wireless company is a
2 competitive company doesn't automatically exempt them in
3 terms of the public interest of following those same
4 regulations?

5 A. I can't tell you as a legal matter. As a
6 policy matter, I actually look at it a little bit the
7 other way. If you've got a carrier in here that is not
8 seeking ETC designation and they don't serve a customer
9 well and they lose them, it's going to harm them
10 financially because their customer acquisition cost is
11 pretty high. They're better off keeping them.

12 But when they designate as an ETC, now the
13 financial penalty to lose that customer is even higher for
14 this company, because now if they lose the customer, not
15 only do they lose the customer-associated revenues, they
16 lose the USF support. So I'm a little bit reassured from
17 a customer interest standpoint with an ETC designation
18 because it puts a pretty strong financial incentive on the
19 company not to lose that customer and to do what it takes
20 not to lose the customer.

21 Q. Doesn't the ILEC have the same concern?

22 A. I'm not sure their customer acquisition
23 costs are the same, and then in terms of universal
24 service, no, because if they don't serve a customer well
25 and lose that customer, they get the same number of

1 dollars of universal service support as they would have
2 gotten otherwise.

3 Q. They get paid for a customer they no longer
4 have?

5 A. Effectively, yes. The current mechanism
6 pays them on a total annual amount. We convert it to a
7 per line so we'll know how much to pay a CETC, but the
8 ILECs really don't get paid per line. They get paid
9 total.

10 So if an ILEC -- and I'm not suggesting
11 this applies to any of these customers here -- but as a
12 hypothetical, if an ILEC were to serve its customers so
13 poorly that all of them left it during the year but one,
14 it gets the same amount of universal support next year
15 under the current mechanism as it got this year.

16 Q. Isn't it the -- strike that.

17 Just be-- competitive companies don't
18 always operate in the public interest and for the benefit
19 of the consumer; isn't that correct?

20 A. I agree with that.

21 Q. They're out for their own personal interest
22 or corporate interest?

23 A. Many of them are, I agree.

24 Q. And sometimes that's at odds with the
25 consumers' interest?

1 A. Many times that's also correct. I share
2 some of your concern. I do some consumer advocate work,
3 and I certainly share some of your sentiments in that
4 regard.

5 Q. Sometimes the so-called invisible hand of
6 competition doesn't always protect the consumer; isn't
7 that true?

8 A. I agree with that as well.

9 MR. DANDINO: That's all I have, your
10 Honor. Thank you.

11 JUDGE WOODRUFF: Staff, any cross?

12 MR. POSTON: No questions.

13 JUDGE WOODRUFF: CenturyTel?

14 MR. STEWART: Actually, rather than cross,
15 I think what I'd like to do is just reserve the right
16 perhaps to ask my witness when he's on the stand if he had
17 any response to what was said. I may or may not do that,
18 but for the record, I may like to reserve that.

19 MR. ENGLAND: I request the same courtesy,
20 your Honor.

21 JUDGE WOODRUFF: SBC?

22 MR. GRYZMALA: Your Honor, I have one
23 question, and I would also like the same courtesy as well.

24 JUDGE WOODRUFF: We like to be courteous.

25 RE-CROSS-EXAMINATION BY MR. GRYZMALA:

1 Q. I'm not sure I got this right, Mr. Wood,
2 but you said with respect to the ILEC losing the support
3 money if it loses the customer, does SBC get the same
4 amount of high-cost support or interstate access support
5 if it loses the customer?

6 A. No. That's what I was discussing with the
7 Judge before. Rural ILECs are on a modified embedded cost
8 mechanism. They get a lump sum. The Tier 1 model support
9 is truly portable, and when SBC would lose a customer, it
10 would lose the support as well.

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

13 JUDGE WOODRUFF: Thank you. Mr. Wood, you
14 can step down.

15 (Witness excused.)

16 JUDGE WOODRUFF: And I believe the next
17 witness would be Ms. Meisenheimer for Public Counsel.

18 MR. ZOBRIST: Judge, I don't know how you
19 want to handle this. I have some housekeeping matters,
20 but I can do it at the end of the day.

21 JUDGE WOODRUFF: What are they?

22 MR. ZOBRIST: One was to put in a corrected
23 Exhibit E to our application. It really just corrects
24 some misspellings of the 16 cell towers and adds county
25 information. The other three exhibits that I have provide

1 specific cell tower information that was exchanged and
2 U.S. Cellular produced to the parties in discovery, and I
3 was going to put them into the evidence because they
4 actually supplement Exhibits 1, 2 and 3 that are in
5 evidence.

6 JUDGE WOODRUFF: Let's go ahead and take
7 care of that now.

8 MR. STEWART: I'm sorry. The second part
9 of what you had was what, tower-specific information?

10 MR. ZOBRIST: Right. These graphs that we
11 produced. I'll be glad to hand them out.

12 MR. STEWART: So you're wanting to put that
13 into the record?

14 MR. ZOBRIST: Right. These three exhibits
15 are HC, but we'd like to put them into the record, and if
16 there needs to be any questions --

17 MR. STEWART: Those would be HC exhibits?

18 MR. ZOBRIST: Yeah.

19 JUDGE WOODRUFF: I assume we'll mark them,
20 give them exhibit numbers then?

21 MR. ZOBRIST: Correct.

22 (EXHIBIT NO. 21 WAS MARKED FOR
23 IDENTIFICATION BY THE REPORTER.)

24 MR. ZOBRIST: Your Honor, I've marked as
25 Exhibit 21 corrected copies to what is Exhibit E to our

1 application. I'll pass this out to counsel at this time.
2 And as I indicated to the Bench, this really just adds
3 county information. It's the same information in terms of
4 the name of the site, the estimated population and the
5 ILEC area, as is contained in Exhibit E to the
6 application. I just wanted to correct some misspellings
7 and to add the county information, and move the admission
8 of Exhibit 21.

9 JUDGE WOODRUFF: 21, yes. Exhibit 21 is
10 offered into evidence. Any objections to its receipt?

11 (No response.)

12 JUDGE WOODRUFF: Hearing none, it will be
13 received into evidence.

14 (EXHIBIT NO. 21 WAS RECEIVED INTO
15 EVIDENCE.)

16 (EXHIBIT NO. 22HC WAS MARKED FOR
17 IDENTIFICATION BY THE REPORTER.)

18 MR. ZOBRIST: Exhibit 22, your Honor, is
19 the list of outstate existing U.S. Cellular tower sites as
20 of August 31, '05, which was previously presented to the
21 parties in response to Data Requests, I believe from
22 CenturyTel.

23 JUDGE WOODRUFF: And these would be HC?

24 MR. ZOBRIST: These are HC, and I've marked
25 it with an HC at the bottom.

1 JUDGE WOODRUFF: Okay.

2 MR. ZOBRIST: So I would offer Exhibit 22
3 at this time, your Honor.

4 MR. ENGLAND: Your Honor, I'm not sure I
5 have an objection. Would it be possible to give us the
6 evening to review that, see if we have any problems with
7 it, since it's the first time we've seen it?

8 JUDGE WOODRUFF: All right. I'll show 22HC
9 as offered, and I'll rule on it in the morning.

10 MR. ENGLAND: Thank you.

11 MR. ZOBRIST: And then similarly, your
12 Honor, we had a list of cell sites for the St. Louis area,
13 which would be marked as Exhibit 23. Hand that to the
14 court reporter and copies to the Bench.

15 (EXHIBIT NO. 23HC WAS MARKED FOR
16 IDENTIFICATION BY THE REPORTER.)

17 MR. ZOBRIST: And I would offer that as
18 well.

19 MR. ENGLAND: Again, if I could have 'til
20 tomorrow.

21 JUDGE WOODRUFF: Yes. Again, 23HC has been
22 offered into evidence, and I'll rule on it in the morning.

23 MR. ZOBRIST: And finally, I will have
24 marked as Exhibit 24 a one-page document which we've
25 entitled U.S. Cellular proposed sites. These are the

1 16 sites represented on Exhibit 1, 2 and 3.

2 (EXHIBIT NO. 24 WAS MARKED FOR
3 IDENTIFICATION BY THE REPORTER.)

4 MR. ZOBRIST: I believe that's marked as
5 Exhibit 24, and I would offer that as well.

6 JUDGE WOODRUFF: Same situation?

7 MR. ENGLAND: Yeah.

8 JUDGE WOODRUFF: Exhibit 24 has been
9 offered into evidence and, once again, I'll rule on it in
10 the morning.

11 MR. ENGLAND: Your Honor, as long as we're
12 doing some housekeeping, would it also be possible for me
13 to request of counsel for U.S. Cellular overnight to be
14 able to give us an idea tomorrow morning of which exhibits
15 that are attached to our highly confidential testimony we
16 can release prior to the witness taking the witness stand?

17 JUDGE WOODRUFF: I think that would be very
18 helpful.

19 MR. ZOBRIST: We'll be glad to do that.

20 JUDGE WOODRUFF: Thank you.

21 MR. ZOBRIST: That's all I have, Judge.

22 JUDGE WOODRUFF: Thank you, Mr. Zobrist.

23 All right. While we were doing that, Ms. Meisenheimer was
24 patiently waiting at the witness stand.

25 (Witness sworn.)

1 JUDGE WOODRUFF: You may inquire,
2 Mr. Dandino.

3 MR. DANDINO: Thank you.

4 BARBARA MEISENHEIMER testified as follows:

5 DIRECT EXAMINATION BY MR. DANDINO:

6 Q. Please state and spell your name, please.

7 A. Barbara Meisenheimer, B-a-r-b-a-r-a,
8 M-e-i-s-e-n-h-e-i-m-e-r.

9 Q. And what is your position?

10 A. Chief economist with the Office of Public
11 Counsel.

12 Q. And, Ms. Meisenheimer, your rebuttal
13 testimony has been marked Exhibit 10. Are you the same
14 Barbara Meisenheimer that caused to be filed Exhibit 10,
15 Meisenheimer rebuttal?

16 A. Yes, I am.

17 Q. Do you have any corrections to that
18 testimony?

19 A. I do.

20 Q. Please tell me what they are, and the
21 court.

22 A. On page 5, line 4, the second word I
23 would -- or the third word I would change from that to
24 the. And that's all the corrections that I have.

25 Q. Okay.

1 MR. GRYZMALA: I'm sorry. Could you repeat
2 that?

3 THE WITNESS: Changing the word that to
4 the.

5 MR. DANDINO: Page 5, line 4.

6 THE WITNESS: Yes.

7 BY MR. DANDINO:

8 Q. As corrected, is the testimony contained in
9 Exhibit 10 true, accurate and correct to the best of your
10 information, knowledge and belief?

11 A. Yes, it is.

12 Q. If I asked you the questions contained in
13 Exhibit 10 here today, would your answers be the same?

14 A. Yes, they would.

15 MR. DANDINO: Your Honor, in the spirit of
16 courtesy and cooperation that we had involving Mr. Wood's
17 testimony, may I ask Ms. Meisenheimer to comment on the
18 one issue?

19 JUDGE WOODRUFF: You certainly may.

20 MR. DANDINO: Thank you.

21 BY MR. DANDINO:

22 Q. Ms. Meisenheimer, Mr. Wood testified that
23 the competitive nature of U.S. Cellular and the threat to
24 the loss of the customer as well as the USF funding is
25 sufficient protection for the consumer. Could you comment

1 on that?

2 A. Well, one of the things that I believe I
3 heard him say had to do with customers leaving, that the
4 wireless carrier could lose customers if they weren't
5 truly competitive. And I'd like to just point out that
6 once they get those customers, those customers are
7 generally signed into long-term service agreements.

8 Also, there is an issue with respect to the
9 level of funding from the Universal Service Fund that, if
10 you have both an incumbent and wireless carrier receiving
11 support from the fund, it can substantially increase the
12 money drawn from the Universal Service Fund.

13 Q. Do you believe that it is still necessary
14 for the Commission to demand that there be consumer
15 protections on ETC providers the same as on wireline?

16 A. On wireless ETCs as there is on wireline
17 ETCs?

18 Q. Yes.

19 A. Absolutely. One of the things that I think
20 is particularly relevant to that is that my understanding
21 of the way that the incumbent support for -- at least
22 historically for the rural carriers has been that they get
23 the money after they've already provided the supported
24 services. In this case, the wireless carrier is seeking
25 support with a promise that in the future they're going to

1 do something, and I view that as a significant difference.

2 If they want it based on a -- based on a
3 promise, then I'd like some assurances, some solid
4 assurances, some commitments and an eagerness to make
5 those commitments that assures us that in the future they
6 would actually -- I think they actually should be able to
7 provide immediately, but then they will continue to
8 develop and expand their service offerings in the state on
9 a facilities basis.

10 MR. DANDINO: Those are all the questions I
11 have. I offer Exhibit No. 10 and tender the witness for
12 cross-examination.

13 JUDGE WOODRUFF: Exhibit 10 has been
14 offered into evidence. Are there any objections to its
15 receipt?

16 (No response.)

17 JUDGE WOODRUFF: Hearing none, it will be
18 received into evidence.

19 (EXHIBIT NO. 10 WAS RECEIVED INTO
20 EVIDENCE.)

21 JUDGE WOODRUFF: For cross-examination
22 we'll begin with Staff.

23 MR. POSTON: Thank you.

24 CROSS-EXAMINATION BY MR. POSTON:

25 Q. Good afternoon.

1 A. Good afternoon.

2 Q. Just have a few questions. How would you
3 respond to claims that the consumers of Missouri are
4 essentially subsidizing wireless ETCs in other states
5 through the USF, since other states are approving wireless
6 ETC designations, yet Missouri consumers are not receiving
7 any USF benefits with regard to wireless network
8 improvements?

9 A. Well, the totality of the Universal Service
10 Fund is collected from a broad range of customers, all
11 across the nation. It's not an issue of a local
12 state-to-state subsidy, as you call it. Instead, it is
13 really the concept of that there needs to be an adequate
14 level of support for high-cost areas where they exist
15 throughout the nation. I mean, certainly there are some
16 states that get more money than others, and that's for
17 good reasons. It's harder to provide in those areas.

18 So I don't really view it as a Missouri
19 subsidizing Kansas or Kansas subsidizing Missouri. I view
20 it more as a collection from customers of
21 telecommunications services that flows back to support an
22 integrated network that provides two-way calling to
23 customers throughout the nation.

24 The two-way nature of telecommunications is
25 fundamentally important from my view. In areas such as

1 natural gas or the delivery of water, it's different in
2 that it's primarily going only toward the customer and the
3 customer only gets service this one direction.

4 The value of a telephone network is that
5 not only can you place calls to others, but then others
6 can place calls to you, and that develops or that improves
7 not only the interaction -- well, it improves economic
8 development, social development, and improves the
9 potential for maintaining safety and health.

10 Q. Do you support or oppose U.S. Cellular's
11 request to redefine service areas?

12 A. We have not specifically taken a position,
13 or in my testimony I did not specifically take a position
14 on that issue, and I don't think we did in our prehearing
15 brief either. We had hoped to get the benefit of the full
16 case put forth by other parties related to that issue.

17 As a broader statement, however, we at this
18 time cannot support the U.S. Cellular application due to
19 other deficiencies, so for -- that wouldn't be the only
20 thing that would keep us from supporting an application.

21 Q. And so you don't have any reason to believe
22 that designating U.S. Cellular as requested would create
23 the potential for cream skimming?

24 A. I know that the FCC -- and I read much of
25 the discussion related to this in FCC Orders. I know that

1 they did some analysis of the issue of cream skimming. I
2 know that the company put forth some information in their
3 testimony purporting to show that the areas that they're
4 seeking to serve, that it wouldn't be cream skimming. But
5 I think personally there is an issue of cream skimming
6 that can occur based on what portion of wire centers do
7 you provide service in, and so --

8 JUDGE WOODRUFF: There seems to be a circus
9 moving in upstairs from us.

10 THE WITNESS: And I lost track of the
11 question. But I don't think that I specifically
12 testified -- in my written testimony, prefiled written
13 testimony, I don't think I specifically addressed the
14 issue of cream skimming in and of itself.

15 BY MR. POSTON:

16 Q. So you don't know any specific facts or
17 anything that would give you concern, say, that there is a
18 potential for cream skimming in the way that the service
19 areas would be redefined?

20 A. I can't testify to that.

21 MR. POSTON: Thank you.

22 JUDGE WOODRUFF: All right. CenturyTel?

23 MR. STEWART: No questions. Thank you.

24 JUDGE WOODRUFF: Small Telephone Group?

25 MR. ENGLAND: No questions. Thank you.

1 JUDGE WOODRUFF: SBC?

2 MR. GRYZMALA: No, your Honor.

3 JUDGE WOODRUFF: U.S. Cellular?

4 CROSS-EXAMINATION BY MR. ZOBRIST:

5 Q. Good afternoon.

6 A. Good afternoon.

7 Q. I'll try to keep my voice over the drum
8 beat or whatever it is next door here.

9 Ms. Meisenheimer, you said in response to
10 one of Mr. Dandino's policy questions that you had some
11 concerns related to the structure of the Universal Service
12 Fund; is that correct?

13 A. Yes.

14 Q. Am I correct that that is within the
15 jurisdiction of the Federal Telecommunications Commission,
16 not the Missouri Commission?

17 A. I think that there is a joint
18 responsibility between federal and state to ensure
19 universal service, and specifically the FCC has not
20 limited the states by forcing upon them a set of criteria
21 that must be followed in terms of designating ETCs, and I
22 believe that the Commission is allowed latitude
23 to -- this Commission is allowed latitude to consider
24 numerous factors.

25 Q. That was not my question. My question was,

1 the financial responsibilities of overseeing the Federal
2 Universal Service Fund is exclusively within the
3 jurisdiction of the Federal Communications Commission,
4 correct?

5 A. I think that the state commissions approve
6 the level of support that will ultimately go -- or they
7 authorize carriers to receive support for providing the
8 supported services, so I don't think that the financial --
9 or I don't have -- I don't think that everything having to
10 do with the level of funding is done at the federal level.

11 Q. Now, what is your authority for the
12 proposition that competitive ETCs get the money first and
13 then build? I thought that's what you were saying.

14 A. Well, it is. And I think that your
15 testimony and your application are probably the most stark
16 example of that. You're saying that if you give us
17 millions of dollars, then we will build additional sites
18 in Missouri in specific places. I heard your witness in
19 the limited time I was here say that in the event that you
20 didn't get that money, you'll still build in Missouri, but
21 it may not be in the same places.

22 My understanding -- my understanding is, is
23 that you will get qualified as an ETC based on -- or what
24 you're seeking is to get qualified as an ETC based on
25 commitments that you're going to do a whole bunch of

1 things once you get that authority.

2 Q. So your testimony is that money would go to
3 U.S. Cellular if it's designated as an ETC without it
4 having to build one cell tower in Missouri, upgrade one
5 switch, they don't even have to do anything first, they
6 get the money first?

7 A. Well, I think that that's not a -- that's
8 kind of a simplistic characterization of it. The money
9 that a wireless carrier would get, it's my understanding,
10 is based on the amount of money that's received say, for
11 example, by a rural carrier, and the money that a rural
12 carrier would get is money based on really services and
13 facilities that they put into place previously.

14 So if you're willing to follow that with
15 me, then yeah, I think you're going to get money that you
16 haven't -- or you would get support based on facilities
17 that you haven't put in the ground.

18 Q. Well, I thought what you testified to when
19 Mr. Dandino was asking you a question was U.S. Cellular,
20 if it's designated an ETC, would get money before it had
21 to build anything. Now, is that your testimony?

22 A. If you serve customers?

23 Q. My question is, do you believe that if U.S.
24 Cellular is designated as an ETC, that it will receive
25 Universal Service Fund dollars without having to

1 demonstrate that it has built anything in this state?

2 A. I think -- I think that that's possible.

3 Q. All right. And you think that that might
4 occur?

5 A. I think it's possible.

6 Q. Has it occurred in other states that you
7 know of?

8 A. Not that I know of. However, I haven't
9 done research on that. I guess it could have.

10 Q. Now, am I correct that -- did you hear the
11 testimony this morning from Mr. Wright, by any chance?

12 A. I've been in here very rarely throughout
13 the day. I've been in another meeting.

14 Q. Okay. So you were not here when Mr. Wright
15 made his commitment to the Commission in response to
16 various questions?

17 A. I don't think I was, no.

18 Q. Okay. And am I correct that today the
19 number of U.S. Cellular customers, 100,000, 150,000,
20 whatever it might be, they are receiving no Universal
21 Service Fund support, correct?

22 A. Well, the support doesn't go to the
23 customer. It will go to the company.

24 Q. Well, nothing is flowing to the company
25 that would then flow to those U.S. Cellular customers in

1 Missouri today?

2 A. I'm not sure that you're going to reduce
3 your rates to pre-existing wireless customers that are in
4 term contracts simply because you end up getting Universal
5 Service money.

6 Q. Well, ma'am, that wasn't my question.

7 A. I thought it was.

8 Q. No. My question is, today, there is no
9 Universal Service Fund money flowing to any of the 100,000
10 or so U.S. Cellular customers in Missouri, correct?

11 A. If those customers also have a landline
12 phone, there may be Universal Service money flowing to
13 those customers.

14 Q. Well, but that's not by virtue of their
15 status as a U.S. Cellular customer, is it?

16 A. No.

17 Q. Just a couple of other questions. Are you
18 aware of any other ETC in the county who is complying with
19 all of the conditions that you recommended that the
20 Commission adopt if it grants U.S. Cellular's application
21 in this case?

22 A. I am aware of a company that does not have
23 the designation yet. However, our office has supported
24 the designation based on their willingness to do the vast
25 majority, if not all, of the things that I have suggested

1 that U.S. Cellular do.

2 Q. Now, my question, ma'am, was are you aware
3 of any other company in the country today who's been
4 designated an ETC that abides by all of the conditions
5 that you recommended in this case to this Commission?

6 A. I can't think of one.

7 Q. Thank you. And were you able to monitor
8 the testimony today when Mr. Wright said that if the
9 Commission required U.S. Cellular to provide a five-year
10 report, that it actually would do so within perhaps a
11 minimum of 30 days? Did you hear that?

12 A. I did actually hear that.

13 Q. And that would satisfy one of the
14 conditions that you requested that the Commission
15 consider, correct?

16 A. Yes. However, I don't understand why if
17 they could have done it in 30 days, it wasn't done
18 previously.

19 Q. Now, there is no requirement in Missouri
20 that a five-year plan be submitted, correct?

21 A. There should be.

22 Q. Ma'am, is there a rule in this Commission,
23 in this state, that a five-year plan be presented with an
24 application?

25 A. There is not a rule for wireless currently.

1 However, that's because one hasn't been considered yet.

2 Q. Right. And that's my only point. There is
3 no rule today in this state, correct, to submit a
4 five-year plan with an ETC application?

5 A. There is no rule. However, it's perfectly
6 appropriate for the Commission to set that as a criteria
7 for granting service and for a company to offer it up as a
8 commitment that it's interested and willing to serve in
9 Missouri.

10 Q. And U.S. Cellular has made that commitment,
11 if this Commission requires a five-year plan, it will
12 produce that; isn't that true?

13 A. If its arm is twisted.

14 Q. Is the word twisted used in anyone's
15 testimony?

16 A. No.

17 Q. Okay. Thank you. Now, you requested that
18 one of the conditions that be imposed on U.S. Cellular is
19 that it shall provide Life Line service offerings
20 comparable to the ILEC's basic local service, including
21 EAS service; is that correct?

22 A. Yes.

23 Q. And that would be your position even though
24 you could have a U.S. Cellular plan that could be national
25 in scope and go far beyond EAS; is that correct?

1 A. That's true, and I'd be happy to explain
2 why.

3 Q. Just want to clarify your position. Now,
4 you also said that you would like the Commission to
5 require U.S. Cellular to inform prospective Life Line
6 customers of the lowest cost handset available; is that
7 correct?

8 A. Yes.

9 Q. Are ILECs required to do that?

10 A. ILECs do not provide customer premise
11 equipment, which I would view as comparable. They're not
12 in that business as a -- it's not part of the -- it's not
13 a required element of the local service, unlike wireless
14 where the customer must have some type of handset.

15 Q. And were you here when I think it was
16 Mr. Wright testified that as far as Life Line customer
17 offerings, that U.S. Cellular does offer two handsets for
18 a penny?

19 A. I didn't -- I mean, I read in the brochure
20 that there is a phone available for a penny. I don't know
21 that I was here for that piece of testimony.

22 Q. Okay. Thank you. Did you have a chance to
23 monitor Mr. Wright's testimony when he was talking about
24 the new basic plan that upped it from the \$25 with
25 125 minutes to 400 minutes? I don't know if you had an

1 opportunity to either speak with Mr. Dandino or check the
2 transcript on that.

3 A. I did speak with Mr. Dandino, and he did
4 mention to me that the company appeared to be willing to
5 change its plan.

6 Q. And does that go some way towards
7 satisfying some of your concerns with regard to having an
8 adequate basic plan?

9 A. It goes to -- I specifically mentioned that
10 I thought that the company should come forward with a Life
11 Line plan that had substantially more minutes, and I will
12 certainly agree that 400 minutes is greater than the
13 previous 100 and -- was it 125?

14 Q. Yes. That's correct.

15 A. I don't think it's yet to the level of the
16 700 minutes which are offered in a number of states, and
17 that's shown in my testimony on my schedules related to
18 the brochures.

19 Q. Now, in terms of carrier of last resort, I
20 wasn't sure about your testimony, whether you were saying
21 that the FCC definition of carrier of last resort was good
22 enough for U.S. Cellular to comply with or are you
23 speaking of a different carrier of last resort
24 requirement?

25 A. Can you -- do you have a copy of the FCC's

1 definition of carrier of last resort?

2 Q. No. I was just trying to -- I wanted to
3 make certain that the record was clear as to what you
4 meant when you said carrier of last resort. Let me just
5 ask it right now. What do you mean when you use that
6 phrase, carrier of last resort?

7 A. Well, what I mean when I say that a company
8 will serve as carrier of last resort is that you will
9 provide service to all customers with very limited
10 exceptions, such as customers that have had a past due
11 bill, been disconnected and were not-- and did not
12 eventually pay off or make an arrangement to come back on
13 the network, that a carrier of last resort in my view
14 offers a basic local service offering on a stand-alone
15 basis that allows customers to call within a community of
16 interest, offers certain other services. So I don't know
17 how that is different than what you're referring to as the
18 FCC --

19 Q. Well, are you referring specifically to the
20 carrier of last resort as it applies to Missouri incumbent
21 local exchange companies?

22 A. Well, I think it's appropriate that you
23 would mirror the carrier of last resort obligations of the
24 incumbents in Missouri to get the money that they get.

25 Q. Now, on page 19 of your testimony, there

1 was a reference to the CTIA consumer code for wireless
2 service. And give you a minute to turn there. I think
3 it's on page 19, line 7 and 8.

4 A. Yes -- lines 7 and 8?

5 Q. That's what I have.

6 A. Yes, page 19, line 7 and 8. I'm there.

7 Q. Now, I think you express some concern about
8 U.S. Cellular's adherence to that CTIA consumer code.
9 Were you aware that in responses to Data Requests, which I
10 believe your counsel was provided, that the company had
11 stated unequivocally that it does follow the CTIA consumer
12 code in Missouri?

13 A. I -- that doesn't surprise me. I wouldn't
14 have necessarily thought that you didn't. I would point
15 out that that code, unless it is either committed to or
16 ordered, establishes guidelines, not necessarily
17 requirements.

18 Q. And do you recall in Mr. Wright's direct
19 testimony that he indicated that U.S. Cellular would
20 provide a certification to the Commission, if it requests
21 that, that it is bound to comply with this and that it
22 does comply with the CTIA consumer code?

23 A. I believe that I remember seeing that, if
24 you can refer me to the specific spot.

25 Q. Page 20, line 13.

1 A. In surrebuttal?

2 Q. Direct.

3 A. At line 3 it says, if required to do so, so
4 it --

5 Q. Right. If the Commission says, you need to
6 certify the company, the company has said, we'll do that?

7 A. Yes.

8 Q. Okay. In other words, we've said we're not
9 going to fight you on appeal on this issue. We don't
10 think it's unreasonable. If that's what you want us to
11 do, tell us and we'll do it, correct?

12 A. Well, if required to do so. I mean, that's
13 your testimony.

14 Q. Right. The company has said, if that's the
15 directive from the Commission, it will do it. There won't
16 be any question, correct?

17 A. Well, I don't know how you'll interpret
18 this later.

19 Q. Interpret what later?

20 A. The language in your testimony. I mean, I
21 didn't write your testimony. I don't know --

22 Q. I'm sorry. My question to you was, hasn't
23 the company agreed that if the Commission directs that it
24 abide by the CTIA consumer code, the issue's over, we're
25 going to do it. That's what the company said, correct?

1 A. The company said if it's required to do so,
2 it will do it.

3 Q. Now, on a number of the issues that you
4 have raised, you did say that you'd be willing to have
5 those, if not addressed in an Order by the Commission, in
6 the rulemaking that has just been opened; is that correct?

7 A. There are some things that I did say could
8 be addressed in the rulemaking.

9 Q. And I believe that that did deal with some
10 of the billing and settlements and some of the consumer
11 protection issues that Mr. Dandino spoke of?

12 A. It does deal with billing issues and
13 consumer protection issues. And when you say Mr. Dandino
14 spoke of them, do you mean in opening statements or do you
15 mean when he was talking to me?

16 Q. Pardon me. In his questions to you.

17 A. Yes.

18 MR. ZOBRIST: I have nothing further,
19 Judge. Thank you.

20 JUDGE WOODRUFF: I have no questions from
21 the Bench, so there's no need for recross. Any redirect?

22 MR. DANDINO: Yes, your Honor.

23 REDIRECT EXAMINATION BY MR. DANDINO:

24 Q. Just a few questions, Ms. Meisenheimer.

25 A. Friendly redirect?

1 Q. I hope so. They told you about the plan
2 for \$25 and the 400 minutes, which is almost three hours.
3 But today was the first time you heard that the company
4 was offering \$25 -- or 400 minutes for \$25; isn't that
5 true?

6 A. That's the first time I heard that they
7 were willing to do that in Missouri, based on what you
8 told me at lunch.

9 Q. And do you see -- have they offered
10 400 minutes in other states for approximately \$25?

11 A. Yes. Actually, a little more than -- in
12 Wisconsin, they have a 400-minute anytime plan for what
13 appears to be 26.75, after the federal --

14 Q. That's all in the schedule of your
15 testimony, isn't it?

16 A. Yes, that's in the schedule in my
17 testimony.

18 Q. Okay. We won't go into details then. But
19 in the -- in Mr. Wright's direct and in his -- at least
20 maybe in the surrebuttal, he still was -- it was 125
21 minutes for \$25, so he just recently made that change?

22 A. Yes. And also in the schedules in my
23 testimony, there are other plans, one of them being in
24 Oregon there's a plan for 700 minutes for \$21.50.

25 Q. Counsel for USC had asked a number of

1 questions about if it was -- if U.S. Cellular was required
2 to do something, they would do that. Was that something
3 you would expect them to do if this Commission required
4 them to do it?

5 A. I would certainly -- I would certainly
6 expect that they would do what they were ordered by the
7 Commission. However, in the future I'm not sure it's
8 always going to be easy to gauge their compliance with
9 what is ordered by the Commission, or in cases where the
10 Commission doesn't have the authority to order specific
11 things, whether a company would voluntarily and willingly
12 without arm twisting do those things that they committed
13 to.

14 Q. Well, I don't want to characterize it as
15 arm twisting, but apparently you have a problem with if
16 they're required to do something rather than that they
17 voluntarily, as pointed in the application, make that
18 commitment to this Commission up front?

19 A. Yes. I mean, this company is seeking,
20 based on future commitments, money for areas of Missouri,
21 and currently multiple carriers can receive support in the
22 same geographic area. But ultimately there's, from an
23 economic perspective, a limit on what's -- what's
24 feasible. And so to the extent that we have carriers that
25 don't necessarily follow through in their commitments in

1 the same way we anticipated when they got certification to
2 begin with, we may be doing more harm than good in
3 approving them prematurely.

4 Q. Does the Commission make annual
5 certifications for USF funding?

6 A. Yes.

7 MR. DANDINO: That's all I have, your
8 Honor. Thank you.

9 Thank you, Ms. Meisenheimer. You may step
10 down, Ms. Meisenheimer.

11 THE WITNESS: Thanks.

12 (Witness excused.)

13 JUDGE WOODRUFF: Next name on the list is
14 Mr. McKinnie for the Staff.

15 (Witness sworn.)

16 JUDGE WOODRUFF: You may inquire.

17 ADAM MCKINNIE testified as follows:

18 DIRECT EXAMINATION BY MR. POSTON:

19 Q. Thank you. Please state your name.

20 A. My name is Adam McKinnie, M-c-K-i-n-n-i-e.

21 Q. Where are you employed and in what
22 capacity?

23 A. I'm a regulatory economist in the
24 telecommunications department of the Missouri Public
25 Service Commission.

1 Q. Are you the same Adam McKinnie who caused
2 to be filed -- prepared and filed rebuttal testimony that
3 has been marked as Exhibit 9?

4 A. Yes, I am.

5 Q. Do you have any corrections to your
6 testimony?

7 A. I do have one minor grammatical correction.
8 On page 5 of my direct, the bottom of the page on line 36,
9 I need to insert the word this between is and the. So the
10 question would then read, in your opinion, is this the
11 information the FCC is requiring of carriers applying for
12 ETC status?

13 Q. Do you have any other corrections?

14 A. No, I do not.

15 Q. If I were to ask you the questions that are
16 in your prefiled testimony as corrected, if I asked you
17 those questions today, would your answers be the same?

18 A. Yes, they would.

19 MR. POSTON: Thank you. I move to have
20 Exhibit 9 entered into the evidence, and I tender this
21 witness for cross-examination.

22 JUDGE WOODRUFF: Exhibit 9 has been offered
23 into evidence. Are there any objections to its receipt?

24 (No response.)

25 JUDGE WOODRUFF: Hearing none, Exhibit 9 is

1 received into evidence.

2 (EXHIBIT NO. 9 WAS RECEIVED INTO EVIDENCE.)

3 JUDGE WOODRUFF: Cross-examination
4 beginning with U.S. Cellular.

5 CROSS-EXAMINATION BY MR. ZOBRIST:

6 Q. Good afternoon. I just have one or two
7 questions. Mr. McKinnie, in your testimony, your
8 recommendation to the Commission was that the five
9 proposed requirements in the ETC designation order of
10 March 17, 2005 be followed, correct?

11 A. I do believe that that's the -- those are
12 the guidelines that the Commission should apply.

13 Q. And the one element of those guidelines
14 that you had an issue with U.S. Cellular was on the filing
15 of the five-year plan, correct?

16 A. The first of the five guidelines, that is
17 correct.

18 Q. And you heard Mr. Wright today say that if
19 the Commission ordered a five-year plan, the applicant,
20 U.S. Cellular Corporation, would file that maybe even in
21 30 days, correct?

22 A. I was in the room when he made a commitment
23 of that nature.

24 Q. And does that resolve your concerns that if
25 the company has made that commitment, that you don't have

1 a problem, then, on the five-year plan issue?

2 A. I would have much preferred to have seen it
3 filed up front, but I mean, as I do state within my
4 testimony, we do believe that -- that, yes, that should be
5 the issue

6 Q. And am I correct that in the company's
7 testimony, you did indicate that if the Commission
8 directed the filing of a plan, be it an 18-month plan,
9 five-year plan, three-year plan, it would follow that
10 direction, correct?

11 A. I do understand that U.S. Cellular is
12 willing to follow the Commission's order in this case and
13 whatever comes out of the ruling of this proceeding.

14 Q. You know, Mr. Dandino raised a point about
15 if the Commission tells you to do X, you do have the right
16 to appeal, correct?

17 A. I mean, I'm not a lawyer, but I would
18 understand that that would be the situation.

19 Q. But if an applicant has said in sworn
20 testimony that if the Commission says do X, we'll do X,
21 that's a commitment, correct?

22 A. I mean, it's a commitment. I don't
23 understand -- I mean, as I say, I'm not a lawyer. I don't
24 understand how appeals and commitments might work with
25 each other.

1 Q. Do you, in viewing the company's testimony,
2 believe that it was acting unreasonably if it said tell us
3 to do X and if you do, we'll do it?

4 A. I would have preferred kind of a more
5 voluntary tone, I do have to admit, but I mean, the
6 facts of the matter are in the testimony, and the facts do
7 not -- the facts do not change based on the tone that is
8 in that testimony.

9 Q. And in your testimony, you did not state
10 that you found that the company was being unreasonable in
11 making -- taking these positions, correct?

12 A. I don't believe I used those words anywhere
13 in my testimony.

14 MR. ZOBRIST: Okay. Thank you. That's all
15 I have, Judge.

16 JUDGE WOODRUFF: Then for Public Counsel?

17 MR. DANDINO: No questions, your Honor.

18 JUDGE WOODRUFF: CenturyTel?

19 MR. STEWART: Just a few.

20 CROSS-EXAMINATION BY MR. STEWART:

21 Q. Good afternoon, Mr. McKinnie.

22 A. Good afternoon.

23 Q. Mr. McKinnie, you participated in the first
24 Mid-Missouri Cellular case of almost a little over a year
25 ago I guess now where the Commission addressed the ETC

1 application of Mid-Missouri Cellular; is that correct?

2 A. That is correct.

3 Q. Are you also participating in the currently
4 pending Mid-Missouri Cellular application case?

5 A. Yes, I am.

6 Q. Along those lines -- so you're familiar
7 with the service territories that -- both in this case for
8 U.S. Cellular and also for Mid-Missouri Cellular?

9 A. I would say I'm generally familiar with
10 them.

11 Q. I've put back up here, I guess it's
12 Exhibit 3, which is the compilation of the other two. In
13 terms of U.S. Cellular's request of ETC service area,
14 which on Exhibit 3 shows within the red line, can you give
15 us a general idea exactly where Mid-Missouri Cellular's
16 requested service area would be?

17 A. I would say it's sort of -- and this is a
18 little bit difficult because I don't have the map in front
19 of me. I would say it's kind of at -- this is going to be
20 wonderful in the record, but it's kind of at that notch,
21 kind of on the left, like if you could put your finger on
22 Columbia, for example.

23 Q. All right.

24 A. And if you move west towards Kansas City.

25 Q. All right.

1 A. And a little bit more, and if you kind of
2 stopped and you kind of drew a concentric circle kind of
3 going outward from there, I would say that's generally the
4 area, but it might also be just a little further kind of
5 south and west.

6 Q. Fair enough. Based on my little
7 machinations up here, it would appear that U.S. Cellular's
8 requested ETC service area and Mid-Missouri Cellular's
9 requested ETC service area considerably overlap, do they
10 not?

11 A. There does appear to be some overlap, that
12 is correct.

13 Q. And in those -- in both of those areas, we
14 have incumbent LECs who are receiving USF support, do we
15 not?

16 A. That is my understanding of the situation.

17 Q. And in this pending Mid-Missouri Cellular
18 case, the Staff has also recommended that Mid-Missouri
19 Cellular's request be granted; is that not correct?

20 A. That is Staff's recommendation in that
21 case.

22 Q. And here, too, you have recommended that,
23 although you had some concerns, you think that U.S.
24 Cellular's ETC request should be granted?

25 A. With the caveats and the conditions that we

1 have mentioned at the end of our recommendation in the
2 conclusions section of my testimony, that is an accurate
3 statement.

4 Q. That's fair enough. So assuming that the
5 Commission in this case and also in the Mid-Missouri
6 Cellular case grants both requests of both cellular
7 companies, you would have at that point in time at least
8 three carriers receiving ETC status in the same geographic
9 location?

10 A. If the Commission does rule in that manner,
11 that does seem very likely to occur.

12 Q. In the currently pending Mid-Missouri
13 Cellular case, did Mid-Missouri Cellular file with its
14 case a five-year build-out plan?

15 A. I believe they did, yes.

16 Q. And U.S. Cellular has not?

17 A. U.S. Cellular has not that I have seen with
18 their application, no.

19 Q. Is the mere fact that a company might file
20 a five-year plan necessarily a guarantee that the Staff
21 would agree that the five-year plan was correct and in the
22 public interest?

23 A. No, I don't think that's the case. I don't
24 think a five-year plan automatically is a guarantee that
25 Staff would support an application.

1 Q. What sort of things would Staff look at if
2 an ETC applicant came forward, unlike U.S. Cellular, but
3 came forward up front with a five-year plan proposal?
4 What kind of things would you look at?

5 A. Well, within the application itself, if it
6 was filed as of this moment, under the way things
7 currently are, and granted things are in flux as we have
8 mentioned, we would use the FCC's guidelines in the
9 March 2005 Report and Order, and we would apply those
10 guidelines and we would look at those five guidelines,
11 first of all. We would also look at the public interest
12 standard as it's put out also within that Order, and we
13 would also look at some of the other things in the public
14 interest analysis that discuss the issues, such as cream
15 skimming and some issues of that nature.

16 I mean, and we would also do some inquiry
17 of the companies, as we have done. We've sent out Data
18 Requests. We've tried to learn more about these
19 companies. I mean, we would generally do an
20 investigation.

21 Q. Would the -- part of that investigation
22 include kind of a -- at least some sort of rough analysis
23 comparing the amount of USF funding which might be
24 received versus the commitment -- firm commitment to
25 provide certain investment?

1 A. Yes, that could be something that would be
2 looked at.

3 Q. So the bottom line is the mere fact that
4 you come forward with a five-year plan doesn't necessarily
5 get you through the door, it's going to be subject to
6 review?

7 A. I believe that is a fair characterization.

8 Q. Let me turn now to -- have you read
9 Mr. Brown's testimony, rebuttal testimony?

10 A. Yes, I have read Mr. Brown's testimony.

11 Q. And it's true in his testimony he not only
12 presents U.S. Cellular's propagation analysis, he also has
13 his own independent propagation analysis and kind of
14 compares the two?

15 A. That is my understanding.

16 Q. And in this case, I guess the Staff did not
17 do its own independent propagation analysis; is that
18 correct?

19 A. No, we did not undertake such an
20 undertaking.

21 Q. Mr. McKinnie, let me just ask you, in
22 reviewing Mr. Brown's analysis, did you have any concerns,
23 problems, issues with his assumptions, his methodology,
24 his conclusions?

25 A. As someone who is not an expert in

1 propagation analysis and somebody who has never performed
2 propagation analysis, I'm not -- I'm not exactly, you
3 know, maybe the best person to ask about that, but no, I
4 did not have any specific concerns about his propagation
5 analysis.

6 Q. Well, I assume if you did or if someone on
7 the Staff did, that we would have probably seen some
8 surrebuttal testimony on that?

9 A. Yes, I think that's a likely assumption.

10 Q. Okay. Just one final area. Mr. McKinnie,
11 in the original Mid-Missouri Cellular case that you and I
12 both went through, I recall you filed rebuttal testimony,
13 and one of the issues in that case which continues here,
14 it's been referenced earlier, is kind of the general issue
15 about how much oversight this Commission would have over
16 an ETC wireless carrier if -- after ETC status was
17 granted.

18 Do you remember a question and answer in
19 your prefiled testimony in Case No. TO-2003-0531 to that
20 effect?

21 A. I don't remember the specific question. I
22 do believe that that is something that I -- it does sound
23 familiar. It does sound like something I would have
24 addressed.

25 Q. Do you remember how you would have

1 responded then to the question of how much oversight will
2 the Commission have over a wireless carrier who is granted
3 ETC status?

4 A. I have a rough approximation of my answer.

5 Q. What did you say then? And then I'll
6 follow up with another question.

7 A. Sure. Without having the testimony in
8 front of me, I believe that -- I mean, could I have the
9 question that I asked myself, if that is not an
10 unreasonable assumption?

11 Q. Actually, with Mr. Poston's permission,
12 I'll just hand you a copy of your testimony.

13 MR. STEWART: May I approach?

14 JUDGE WOODRUFF: You may.

15 BY MR. STEWART:

16 Q. That would be line 6 on page 10, and if you
17 want to, you can read the question and your answer,
18 however you'd like to do it.

19 A. To myself or into the record?

20 Q. Into the record, go ahead and read it.

21 A. Okay. On page 10 of line 6 of what
22 Mr. Stewart has handed me as my rebuttal testimony in that
23 case, the question is, how much oversight will the
24 Commission have over a wireless carrier who is granted ETC
25 status? Answer: Virtually none. When a CLEC is granted

1 ETC status, the Commission has limited jurisdiction over
2 their rates charged by that telecommunications carrier to
3 ensure that the rates are just, reasonable and
4 nondiscriminatory.

5 The Commission will have no such authority
6 over the rates charged by MMC, Mid-Missouri Cellular,
7 regardless of its ETC status. In effect granting the
8 status will give MMC a, quote, blank check, unquote, over
9 the future of its telecommunications service. As long as
10 MMC is able to certify to the Commission that it is using
11 the funds in accordance to Section 254(e) of the Act, MMC
12 will continue to be eligible to receive high-cost funds.
13 Staff cannot guarantee that the principles of the USF
14 would be achieved.

15 Q. Mr. McKinnie, do you still agree with the
16 basic answer you gave in the previous case?

17 A. You mean do I still agree that was the case
18 then, or do I think that is the case now?

19 Q. Let's take it, did you agree that that was
20 the case then?

21 A. Yes. That's what I wrote in my testimony.

22 Q. All right. I'm going to ask you, do you
23 agree that's the case today?

24 A. With respect to the rates specifically, I
25 do agree that the Commission still lacks oversight over

1 the specific rates. I do think that the Commission has
2 some oversight in terms of the recertification of the
3 carrier, and that I don't want to say it's rate oversight,
4 though, because it's not a situation in which they are
5 similar to local exchange carrier or interexchange carrier
6 perchance, but it is, you know, perhaps possible that --

7 Q. Better than nothing?

8 A. Well, I mean, anything by definition is
9 better than nothing, as long as it's not zero, as long as
10 the item in itself is seen as a good and not evil thing.

11 Q. Well, let me ask you this: Has anything
12 changed in federal or state law that you're aware of that
13 would give the Commission additional power that it did not
14 have at the time the MMC case was decided? And I say --
15 let me clarify, additional power over wireless carriers.

16 A. If you are talking about -- your question
17 is referring to whether or not the Commission has received
18 new authority over direct rate oversight of a wireless
19 carrier, I would say the answer to that is no.

20 Q. Okay. I'm going to follow up with this one
21 last question, and that is, I assume you -- well, I have
22 to ask two. I assume you're familiar with the proposed
23 rulemaking that's being tossed around here at the Missouri
24 Commission at this time?

25 A. I am generally familiar with it.

1 Q. And that rule has some requirements,
2 restrictions dealing with the way the Commission might
3 deal with wireless carriers in the context of an ETC
4 designation, does it not?

5 A. I would say that it does have some things
6 that it would expect the wireless carrier to do in order
7 to either, first of all, receive or, second of all, be
8 recertified as an eligible telecommunications carrier.

9 Q. And in your opinion, from the Staff's
10 perspective, if the Commission remains concerned about the
11 overall issue of its ability to enforce requirements or to
12 engage in discovery or any of the other items that came up
13 in the Mid-Missouri Cellular case, to the extent the
14 Commission still has any of those concerns, would you
15 recommend to the Commission that they consider certain
16 things along -- at least along the lines of what is being
17 proposed in the current rule or the proposed rule?

18 A. If your question is whether or not the
19 Commission should concern themselves -- if the things that
20 the Commission are concerned about should be dealt with in
21 the rule, I believe that the rule is a wonderful tool to
22 address those concerns.

23 Q. And so as they deliberate in this case and
24 they consider the representations made by U.S. Cellular,
25 if they would condition approval of ETC designation, for

1 example, on compliance with certain parts or all of the
2 proposed rule, would that be something that you might
3 recommend that the Commission do? I know you're not a
4 lawyer, but --

5 A. No, I am not. If you are asking me whether
6 or not the Commission should -- and for lack of a better
7 term I'm going to use wedge. If you're asking me whether
8 or not the Commission should kind of wedge where the draft
9 of the rule is right now into the ETC certification, I
10 would be a little bit wary of doing that because that kind
11 of prejudices the rule.

12 Q. Okay. That's fair enough. But then again,
13 the Commission could not issue a decision in this case
14 until it issued its rule, could it not?

15 A. The Commission has put cases in abeyance in
16 the past, that is correct.

17 MR. STEWART: Well, without going any
18 farther on that, I'll just leave it there. Thank you very
19 much.

20 JUDGE WOODRUFF: Thank you. Small
21 Telephone Group?

22 MR. McCARTNEY: Yes, please.

23 CROSS-EXAMINATION BY MR. McCARTNEY:

24 Q. Good afternoon, Mr. McKinnie. How are you
25 today?

1 A. I am fine. And yourself?

2 Q. Doing all right. A couple of questions
3 about your testimony, and let's start at page 6, if we
4 could. I think here is where you make some mention of the
5 16 cell site 18-month plan that U.S. Cellular provided.
6 Other than that 18-month 16 cell site plan that you
7 discuss in your testimony, has U.S. Cellular provided
8 Staff with a plan to show how it's going to provide
9 service throughout the entire area where it seeks ETC
10 designation?

11 A. If your question is whether or not they
12 have provided the exact information about where new
13 facilities would be built, my answer would be that they
14 have not.

15 Q. Thank you. Later on in your testimony, the
16 same page, down at lines 12 through 14, you state that
17 there will be, and I'll quote, areas in U.S. Cellular's
18 proposed ETC area that will have no cellular service from
19 U.S. Cellular either before or after the potential
20 approval of the instant ETC application.

21 So my question is, has Staff asked for or
22 been provided with any Missouri-specific information from
23 U.S. Cellular, like an income statement maybe or a balance
24 sheet, a budget or any other type of plan that would
25 demonstrate how U.S. Cellular plans to provide service

1 throughout the entire area where it seeks ETC status?

2 A. I believe your question speaks specifically
3 to financials, and I do not -- Staff has not requested
4 financial information of that ilk from U.S. Cellular.

5 Q. Thank you. Do you know whether U.S.
6 Cellular has procedures in place to account for or track
7 the money that it spends in rural areas as opposed to
8 non-rural areas?

9 A. Whether or not they currently do in
10 Missouri, I know that there was some mention made of
11 future tracking of high-cost monies, but I do not believe
12 that I have heard anything that states that they currently
13 have a way to track money that is spent, depending on
14 which definition of, quote, unquote, rural we wish to use,
15 rural areas versus any, quote, unquote, non-rural area,
16 again depending on how we would care to define that term.

17 Q. When you say you've heard of that, are you
18 talking about you heard about that today, here in the
19 hearing?

20 A. Yes.

21 Q. Is that the first time you heard about it?

22 A. That is the first time I have become aware
23 of a specific financial tracking mechanism.

24 Q. So that none of that was provided to Staff
25 before this point, to your knowledge?

1 A. Not to my knowledge.

2 Q. Thank you. Let's talk a little bit -- I
3 guess maybe flipping back to pages 4 and 5 of your
4 testimony, you talk about the FCC's March 17th, I think it
5 was, ETC Order that was issued, and you note that the
6 FCC's encouraged the states to follow the minimum
7 requirements. And I think you may have answered the
8 question earlier. It said that you think that the
9 Missouri Commission should follow those minimum
10 requirements. Did I recall that correctly?

11 A. I do believe that, absent anything else,
12 that is what the Commission -- that is what I would
13 encourage the Commission to do and recommend the
14 Commission to do.

15 Q. After reviewing that FCC Order, do you
16 think that the FCC is trying to make the ETC designation
17 process more rigorous or less rigorous?

18 A. Compared to what came before it, I would
19 say that they are trying to make the ETC process more
20 rigorous.

21 Q. Thank you. You answered, I think, already
22 some of my questions on the five-year build-out plan. I
23 have a few on pages 5 and 6 here. Is it your testimony
24 that U.S. Cellular's plan does not break down how the
25 high-cost support will be used to improve its coverage,

1 service quality or capacity in every wire center where
2 U.S. Cellular requests ETC designation?

3 A. If you're asking me about a particular line
4 in my testimony, I mean, it might help to --

5 Q. It's on page 6, I think. Let me see if I
6 can find it. 17 through 19.

7 A. I mean, that testimony does say that
8 starting on page 16, there is no information provided in
9 the maps, the application or the testimony of the three
10 U.S. Cellular witnesses on how these additional cell
11 towers would improve coverage, service quality or capacity
12 in every wire center where U.S. Cellular requests
13 designation.

14 Q. Thanks.

15 MR. POSTON: Could I just ask that there be
16 a correction for the record? I believe Mr. McKinnie said
17 page 16, but he meant to say line 16.

18 JUDGE WOODRUFF: Is that correct,
19 Mr. McKinnie?

20 THE WITNESS: That is correct. I was
21 reading from page 6 of my rebuttal testimony, starting
22 about five words in on line 16.

23 JUDGE WOODRUFF: Thank you.

24 BY MR. McCARTNEY:

25 Q. Let's go to page 19, toward the end. And

1 then here in your testimony, at lines 1 through 4, there's
2 a question and answer, and I think you conclude that U.S.
3 Cellular has demonstrated how the funds will be used in a
4 manner that would not otherwise occur absent the receipt
5 of that high-cost support.

6 Would you agree that U.S. Cellular's
7 18-month 16 cell site plan has a cost of somewhere between
8 4 million and maybe 6 million, depending on whether you
9 look at their surrebuttal or their earlier estimates?

10 A. I would state that U.S. Cellular does state
11 that the cell towers cost between -- and I'm always wary
12 of using figures, but I don't believe any of these are
13 highly confidential about the cell tower. Okay. That
14 they state that the cell towers cost between roughly
15 250,000 and 400,000, and when you multiply that by 16, you
16 do get roughly the numbers that you have referred to.

17 Q. And is it your understanding that you -- is
18 it your understanding that U.S. Cellular now estimates
19 that it's going to receive somewhere around \$8 million a
20 year, which if you multiply that by the 18 months, that
21 would be approximately 12 million during the 18-month
22 period?

23 A. I have read that in testimony, that is
24 correct.

25 Q. Okay. So wouldn't it be true that U.S.

1 Cellular has only demonstrated how approximately maybe
2 one-third to one-half of those funds that it would receive
3 would be used?

4 A. Specifically, I think that that is the
5 case.

6 Q. Okay. Thank you. Do you know whether U.S.
7 Cellular keeps any state-specific or wire-center-specific
8 financial information?

9 A. I am not aware of any.

10 Q. If U.S. Cellular -- let's assume they
11 don't, and if they don't, how can Staff be sure that the
12 federal USF money is actually being spent on appropriate
13 projects in the appropriate geographical region?

14 A. What I would expect to occur would be that
15 U.S. Cellular, when they come back in for recertification
16 in what I believe would be October 2006 depending on --
17 you know, I mean, assuming that the instant application is
18 granted and it's granted in such a time and some other
19 caveats, is that they would come in and they would
20 demonstrate the amount of money that they have spent in
21 the rural high-cost areas in the state of Missouri.

22 And I think it would be wonderful if they
23 would provide an affidavit and they would say something of
24 that sort. I think that would be part of the
25 recertification process.

1 Q. But it doesn't concern Staff that they will
2 get the money first, and then they'll hear about what U.S.
3 Cellular did with it later?

4 A. It definitely concerned us when we received
5 no plans in the first Mid-Missouri case. The plans that
6 they have provided us are definitely -- well, as I
7 discussed with the last person who was questioning me,
8 definitely, at the very least, better than nothing.

9 Q. But it's not a five-year plan?

10 A. It is not a five-year plan. An 18-month
11 plan is not a five-year plan.

12 Q. Do you still have that testimony that
13 Mr. Stewart provided you from the Mid-Missouri Cellular
14 case?

15 A. I believe he removed -- or he relieved me
16 of it.

17 Q. Would you like another copy?

18 MR. McCARTNEY: May I approach?

19 JUDGE WOODRUFF: You may.

20 BY MR. McCARTNEY:

21 Q. This is your rebuttal testimony from the
22 first Mid-Missouri Cellular ETC case. I think it's
23 TO-2003-0531. Would you please turn to page 6 of that
24 rebuttal testimony. I've kind of highlighted a portion of
25 that. Would you please read that into the record?

1 A. Starting on page 6 of line 10 -- I'll say
2 that again. Starting on page 6, line 10, were companies
3 requesting support from the fund could affect the
4 stability of the fund or force each ILEC to receive less
5 support, forcing customers to pay more if rural ILECs
6 retain their current level of profitability under rate of
7 return, ROR, regulation. Either scenario would be a huge
8 problem in many ILECs who serve in high-cost areas, as the
9 ILECs would be unable to afford wireline
10 telecommunications services at rates that consumers can
11 afford.

12 Q. Does Staff still have any concerns about
13 these impacts of wireless ETCs on the Federal Universal
14 Service Fund?

15 A. If the question is whether or not Staff has
16 any concern, I mean, yes, we are generally concerned about
17 the size of the fund. We file comments when we receive
18 the opportunity with the FCC about USF issues. I mean,
19 yes, the Staff is generally concerned about issues of that
20 sort.

21 MR. McCARTNEY: Thank you very much.

22 JUDGE WOODRUFF: For SBC?

23 MR. GRYZMALA: Very briefly, your Honor.
24 Just a couple of questions.

25 CROSS-EXAMINATION BY MR. GRYZMALA:

1 Q. Hi, Mr. McKinnie. My name is Bob Gryzmala
2 for SBC Missouri. I'll be very brief, if I may.

3 I thought I heard, and would you confirm if
4 I'm wrong, that if you were provided a five-year plan, you
5 would look at the public -- you would look at the public
6 interest and the requirements of the FCC as they have
7 stated them in their ETC Report and Order, is that right,
8 by which to measure the adequacy of the five-year plan?

9 A. If the question is if a five-year plan was
10 submitted, we would evaluate it using guidelines in the
11 March 2005 FCC order?

12 Q. So using that as yardstick then, your
13 answer would be in the affirmative, might I assume, that
14 the plan as tendered would have to show you how the single
15 coverage quality or capacity will improve due to the
16 receipt of high-cost support throughout the area for which
17 the ETC seeks designation as is stated in paragraph 22 of
18 the ETC Report and Order?

19 A. I always like to know what I'm saying yes
20 to.

21 Q. I apologize. I should have brought another
22 copy with me. It would be about five to six lines into
23 paragraph 22, after paren 1. So would my assumption be a
24 fair one?

25 A. I don't remember your exact words, so...

1 Q. Well, okay. First of all, you would
2 measure the plan against the criteria stated in the order,
3 and one of the ways by which you would measure the
4 adequacy of that plan is whether the signal quality,
5 coverage or capacity would improve due to the receipt of
6 high-cost support throughout the area for which the ETC
7 seeks designation. That would be a litmus test, correct?

8 A. That would be one of the things that the
9 showing must include.

10 Q. And your showing would likewise require
11 that the applicant indicate in that five-year plan the
12 projected start date and completion date for each
13 improvement and the estimated amount of investment for
14 each project that is funded by high-cost support, correct?

15 A. That is also in paragraph 23.

16 Q. And may I safely assume that Staff would
17 apply that analysis were it tendered a five-year plan?

18 A. I mean, yes, we would.

19 Q. Would you regard each cell site
20 construction here as being a separate project?

21 A. As -- I haven't really thought about it as
22 kind of separate projects. I don't know. That's -- I
23 guess you're reading it out of parens 2 there.

24 In the context -- in the context of parens
25 2, where it talks about for each project that is funded by

1 high-cost support, yes, I think I would consider each
2 separate cell tower construction event, for lack of a
3 better word, to be a project.

4 Q. Thank you. I would ask while I
5 might, while I have the new Order, if you don't mind,
6 paragraph 22, and again, back to your point that if a
7 five-year plan were submitted, if I recall your testimony
8 correctly, you would look at the public interest as the
9 FCC has stated it in that order.

10 I would be safe in assuming, then, would I
11 not, that -- and directing your attention to the first
12 sentence, the test that would be applied by yourself would
13 be that of having to make an affirmative determination
14 that the designation is in the public interest, regardless
15 of whether the applicant seeks designation in an area
16 served by a rural or a non-rural carrier?

17 MR. ZOBRIST: Judge, I want to object,
18 because I think counsel used the word designation. A
19 state commission designates or the FCC designates, not
20 Staff. And if I misheard his question, I apologize.

21 MR. GRYZMALA: I apologize. I think I was.

22 BY MR. GRYZMALA:

23 Q. You would engage in an analysis, the
24 premise of which would be that the commission to whom you
25 would be directing your testimony must make an affirmative

1 definition that the designation is in the public interest,
2 regardless of whether the applicant seeks designation in
3 an area served by a rural or non-rural carrier; would that
4 not be correct?

5 A. As much as I don't like the question would
6 that not be correct, I would say, yes, that would be part
7 of my recommendation.

8 Q. I apologize. And thank you for bearing
9 with me. I just have one last question, Mr. McKinnie, and
10 I want to take you back to page 6 where you just came from
11 in Mr. McCartney's testimony. And with regard to the same
12 passage that he referred you to, wherein you testified, I
13 believe, at the top of the page, U.S. Cellular does not
14 break down how high-cost Universal Service Fund support
15 will be used to improve its coverage, service quality or
16 capacity in every wire center where U.S. Cellular requests
17 ETC designation.

18 Do you see that, lines 1 through 3, I
19 believe, on my copy?

20 A. Just to make sure, you're discussing my
21 rebuttal testimony, not what Mr. McCartney handed to me,
22 right?

23 Q. Yes, sir. I am sorry. It is your rebuttal
24 testimony.

25 A. Yes. That is my rebuttal testimony on

1 page 6, lines 1 through 3. My apologies for cutting you
2 off.

3 Q. My only remaining question, would you
4 agree, Mr. McKinnie, that some of the wire centers where
5 no breakdown is provided are the wire centers that SBC
6 has?

7 A. Some of the S-- I mean, yes, I would agree
8 with that statement.

9 MR. GRYZMALA: Thank you very much. I have
10 nothing further.

11 JUDGE WOODRUFF: Thank you.

12 QUESTIONS BY JUDGE WOODRUFF:

13 Q. For questions from the Bench, Mr. McKinnie,
14 there's been talk today from several witnesses about a
15 proposed rule that Staff is working on. Can you tell me
16 what the status of that rule is?

17 A. That rule is scheduled to be on agenda for
18 this upcoming Tuesday, and if it is voted out and
19 approved, it would then be sent to the Secretary of
20 State's office.

21 Q. Okay. Have to go to JCAR first? My
22 question is, is this the first time it's gone to the
23 Secretary of State? It's not a final order of rulemaking?

24 A. I believe it is the first time it's gone to
25 the Secretary of State. I'm sorry. I'm not as familiar

1 with all the new mechanisms as far as rulemaking.

2 Q. And can you tell me just real briefly
3 what's in the new rule?

4 A. There are lots of things in the new rule.

5 Q. Does it require a five-year plan?

6 A. If you'll give me one moment just to check
7 the rule, because I do have a copy of it in front of me,
8 because it's gone through several different iterations.

9 Q. I understand how rulemaking works.

10 A. If you'd like me to, I can read directly
11 from the rule, or I can just --

12 Q. Just summarize it for me. You don't have
13 to --

14 A. Sure. Sure. It does talk about how
15 requests for ETC designation shall include a five-year
16 plan, and then it talks about a five-year plan
17 demonstrating how the high-cost support will be used --
18 I'm paraphrasing here -- improve coverage, service quality
19 or capacity throughout the service area, including a
20 detailed map of the coverage area before and after the
21 improvements.

22 Q. Okay. And does it include any specific
23 requirements for the annual review?

24 A. Yes, I believe it does.

25 Q. Okay. Can you summarize those for me?

1 A. Yes, I can.

2 Q. What would that be?

3 A. They would be such things as the progress
4 updates on the five-year plan. They would be things about
5 detailed information on outages that they have received,
6 how many requests that they had to go unfulfilled, number
7 of complaints, some information about that. Also a
8 demonstration that the use of high-cost support was only
9 used in the manner and the areas in which it was intended.

10 And there's also an affidavit required to
11 be signed certifying that the ETC continues to apply with
12 the applicable service quality standards identified above
13 and consumer protection rules, and also some other things
14 like function and emergency situations, local usage plans,
15 and just generally that they're going to continue to do
16 the things that the rule requires them to do.

17 Q. And if the Commission discovers that the
18 company is not doing what they're supposed to do, then
19 they can withdraw the certification, is that -- is that a
20 provision in the rule as well as provision in the federal
21 law?

22 A. That's definitely an option the Commission
23 has. I'm just seeing what the rule says specifically
24 about that. The very last thing of the rule, as it is
25 currently drafted, the Commission shall not certify by

1 October 1st of each year any ETC that fails to comply.

2 JUDGE WOODRUFF: That's all the questions I
3 have.

4 Recross based on those questions, then,
5 from U.S. Cellular?

6 MR. ZOBRIST: I don't think we have any.

7 JUDGE WOODRUFF: Public Counsel?

8 MR. DANDINO: No questions, your Honor.

9 JUDGE WOODRUFF: CenturyTel?

10 MR. STEWART: No questions.

11 JUDGE WOODRUFF: Small Telephone Group?

12 MR. McCARTNEY: No, thank you.

13 JUDGE WOODRUFF: SBC?

14 MR. GRYZMALA: No.

15 JUDGE WOODRUFF: All right. Then redirect.

16 REDIRECT EXAMINATION BY MR. POSTON:

17 Q. Mr. Stewart was asking you questions about
18 the 18-month plan and what you considered. In analyzing
19 the 18-month plan that was filed, did you analyze it
20 according to the FCC's criteria?

21 A. Yes, we did.

22 Q. And if a five-year plan had been filed,
23 would you have also reviewed it using that same criteria?

24 A. Yes, we would have.

25 Q. And I believe Mr. McCartney asked you

1 questions about whether Staff had requested any financial
2 information to justify where U.S. Cellular will provide
3 service. Do you recall that?

4 A. Yes, I do.

5 Q. And you testified that Staff did not
6 request financial information specifically; is that
7 correct?

8 A. That is correct.

9 Q. Did Staff send any Data Requests
10 asking -- strike that.

11 Can you just talk about the nature of Data
12 Requests that the Staff did send to the company and what
13 they did ask, what Staff has asked for and what were they
14 provided?

15 A. In terms of specific things that we had
16 requested for the company, we did request, for example, a
17 five-year plan from U.S. Cellular if it did currently
18 exist. And we also asked some other questions about --
19 about their testimony, like we asked about -- we asked
20 about the infamous Yagi antennas. We asked some questions
21 of that nature, and just some other questions about claims
22 that they have made, in order to gather the information in
23 order to do the analysis that we did.

24 MR. POSTON: Thank you. That's all I have.

25 JUDGE WOODRUFF: All right. And,

1 Mr. McKinnie, you can step down.

2 THE WITNESS: Thank you.

3 (Witness excused.)

4 JUDGE WOODRUFF: And it's time to stop for
5 the day. We'll resume tomorrow morning. Is there
6 anything that we need to take care of yet today?

7 MR. ZOBRIST: I sort of left one of my
8 witnesses hanging out there. Do you know whether the
9 Commissioner has a desire to have Mr. Wright stay to ask
10 him questions? Because otherwise I would ask that he
11 be released, but we're certainly willing to keep him here
12 overnight and come in the morning if the Commissioner had
13 some questions.

14 JUDGE WOODRUFF: I really don't know. I
15 didn't speak with Commissioner Appling after the break.
16 Of course, there will be other Commissioners here tomorrow
17 morning, too. So I'd be hesitant to release him. If he
18 can stay another day, that would be helpful.

19 MR. ZOBRIST: We'll keep him here tomorrow
20 morning.

21 JUDGE WOODRUFF: Thank you.

22 MR. ZOBRIST: Thank you.

23 JUDGE WOODRUFF: And bring that up tomorrow
24 morning, and I'll try and talk with the Commissioners as
25 soon as I can to see if they would have any more questions

1 for Mr. Wright. We can perhaps get him out of here.

2 MR. ZOBRIST: Great. Thank you very much.

3 JUDGE WOODRUFF: All right. Anything else
4 that anyone wants to bring up while we're still on the
5 record?

6 (No response.)

7 JUDGE WOODRUFF: All right. We'll adjourn
8 at this point and come back at 8:30 tomorrow morning.

9 WHEREUPON, the hearing of this case was
10 recessed until October 27, 2005.

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24

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1	I N D E X	
2	Opening Statement by Mr. LaFuria	9
	Opening Statement by Mr. Dandino	18
3	Opening Statement by Mr. Poston	23
	Opening Statement by Mr. England	25
4	Opening Statement by Mr. Gryzmala	32
5	U.S. CELLULAR'S EVIDENCE:	
6	KEVIN LOWELL	
	Direct Examination by Mr. LaFuria	40
7	Cross-Examination by Mr. Dandino	41
	Cross-Examination by Mr. Poston	44
8	Cross-Examination by Mr. Stewart	47
	Cross-Examination by Mr. England	64
9	Cross-Examination by Mr. Gryzmala	85
	Questions by Judge Woodruff	87
10	Recross-Examination by Mr. England	94
	Redirect Examination by Mr. LaFuria	95
11		
	NICK WRIGHT	
12	Direct Examination by Mr. LaFuria	101
	Cross-Examination by Mr. Dandino	106
13	Cross-Examination by Mr. Poston	117
	Cross-Examination by Mr. Stewart	125
14	Cross-Examination by Mr. England	154
	Cross-Examination by Mr. Gryzmala	175
15	Questions by Commissioner Appling	182
	Questions by Judge Woodruff	182
16	Recross-Examination by Mr. Stewart	185
	Redirect Examination by Mr. LaFuria	186
17		
	DON J. WOODS	
18	Direct Examination by Mr. LaFuria	196
	Cross-Examination by Mr. Poston	199
19	Questions by Judge Woodruff	208
	Recross-Examination by Mr. Gryzmala	212
20	Redirect Examination by Mr. LaFuria	214
	Recross-Examination by Mr. Dandino	220
21	Recross-Examination by Mr. Gryzmala	223
22	OPC'S EVIDENCE:	
23	BARBARA A. MEISENHEIMER	
	Direct Examination by Mr. Dandino	229
24	Cross-Examination by Mr. Poston	232
	Cross-Examination by Mr. Zobrist	236
25	Redirect Examination by Mr. Dandino	248

1	STAFF'S EVIDENCE:	
2	ADAM McKINNIE	
	Direct Examination by Mr. Poston	251
3	Cross-Examination by Mr. Zobrist	253
	Cross-Examination by Mr. Stewart	255
4	Cross-Examination by Mr. McCartney	266
	Cross-Examination by Mr. Gryzmala	274
5	Questions by Judge Woodruff	279
	Redirect Examination by Mr. Poston	282
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

	EXHIBITS INDEX	MARKED	REC'D
1			
2			
3	EXHIBIT NO. 1		
4	Existing Cell Site Map	6	101
5	EXHIBIT NO. 2		
6	Proposed Cell Site Map	6	101
7	EXHIBIT NO. 3		
8	Cell Site Map with Transparency	6	101
9	EXHIBIT NO. 4		
10	Direct Testimony of Kevin Lowell	6	41
11	EXHIBIT NO. 5		
12	Direct Testimony of Nick Wright	6	102
13	EXHIBIT NO. 6		
14	Surrebuttal Testimony of Nick Wright	6	106
15	EXHIBIT NO. 7		
16	Direct Testimony of Don J. Woods	6	197
17	EXHIBIT NO. 8		
18	Surrebuttal Testimony of Don J. Woods	6	199
19	EXHIBIT NO. 9		
20	Rebuttal Testimony of Adam McKinnie	6	253
21	EXHIBIT NO. 10		
22	Rebuttal Testimony of Barbara A. Meisenheimer	6	232
23	EXHIBIT NO. 11HC		
24	Rebuttal Testimony of Glenn Brown Highly Confidential	6	
25	EXHIBIT NO. 12		
26	Surrebuttal Testimony of Glenn Brown	6	
27	EXHIBIT NO. 13		
28	Rebuttal Testimony of Glenn Brown	6	
29	EXHIBIT NO. 14		
30	Rebuttal Testimony of Robert Schoonmaker	6	

1	EXHIBIT NO. 15		
2	Rebuttal Testimony of Robert		
	Schoonmaker, Highly Confidential	6	
3	EXHIBIT NO. 16		
4	Surrebuttal Testimony of Robert		
	Schoonmaker	6	
5	EXHIBIT NO. 17		
6	Rebuttal Testimony of James Stidham	6	
7	EXHIBIT NO. 18		
	Surrebuttal Testimony of James Stidham	6	
8	EXHIBIT NO. 19		
9	Data Requests Submitted to		
	U.S. Cellular	76	84
10	EXHIBIT NO. 20		
11	Press Release	165	169
12	EXHIBIT NO. 21		
	Corrected Schedule E to Application	225	226
13	EXHIBIT NO. 22		
14	List of Outstate Existing U.S. Cellular		
	Tower Sites as of August 31, '05	226	
15	EXHIBIT NO. 23		
16	List of Cell Sites for the St. Louis		
	Area	227	
17	EXHIBIT NO. 24		
18	U.S. Cellular Proposed Sites	228	
19			
20			
21			
22			
23			
24			
25			