STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 26th day of September, 2012.

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

ORDER ELIMINATING BASELINE INVESTMENT REQUIREMENT

Issue Date: September 26, 2012 Effective Date: October 1, 2012

In its May 3, 2007 Report and Order, the Commission designated USCOC of Greater Missouri, LLC, d/b/a U.S. Cellular as an eligible telecommunications carrier for receipt of federal high-cost support Universal Service funds. The Commission conditioned that designation by requiring U.S. Cellular to meet a baseline investment requirement of a two-year average of $15 million per year in capital expenditures for construction of cell sites in its Missouri market, excluding St. Louis and the Joplin area, in addition to any funding it receives from the federal Universal Service Fund. Since 2007, U.S. Cellular has met the Commission's baseline investment requirement, but on September 7, 2012, U.S. Cellular filed a motion asking the Commission to eliminate that requirement.

U.S. Cellular's motion explains that in a November 2011 order, the Federal Communications Commission (FCC) discontinued the legacy high-cost support mechanism. That change eliminates support to competitive carriers, including U.S. Cellular, by decreasing such support over four years by 20 percent per year until it reaches zero. The first reduction in support was implemented on July 1, 2012. U.S. Cellular indicates the FCC's actions have significantly changed its ability to invest internally generated capital into new cell sites in rural Missouri. The company may find it necessary to build fewer new cell sites so that it has the resources to continue to operate the existing cell sites.

In response to U.S. Cellular's motion, the Commission ordered its Staff to file a recommendation by September 28, 2012, and allowed other parties until that date to respond. Staff filed its recommendation on September 13, 2012, along with a request that the Commission limit the time for other parties to respond to its recommendation. Staff explained that it must make its recommendation regarding U.S. Cellular's annual certification to the federal USF administrator by October 1, 2012. Allowing other parties until September 28 to file responses to U.S. Cellular's motion would not allow sufficient time for the Commission to consider those responses before the annual certification deadline. For that reason, the Commission ordered that any party wishing to respond to U.S. Cellular's motion or Staff's recommendation regarding that motion do so no later than 1:00 p.m. on September 21, 2012. No party has filed such a response.

Staff's recommendation confirms U.S. Cellular's explanation of the impact of the FCC's elimination of legacy high-cost support. Staff opines that given the FCC's USF reforms, it is no longer reasonable to require any company to indefinitely maintain a significant level of capital expenditures in rural areas to maintain its ETC status. Staff recommends the Commission grant U.S. Cellular's motion and eliminate the baseline investment requirement.

Having reviewed U.S. Cellular's motion and Staff's recommendation, the Commission concludes that it should grant the motion. Because Staff must make its recommendation regarding U.S. Cellular's annual certification to the federal USF administrator by October 1, 2012, and because U.S. Cellular's motion and Staff's recommendation are unopposed, the Commission will make this order effective on October 1, 2012.

THE COMMISSION ORDERS THAT:

1. USCOC of Greater Missouri, LLC, d/b/a U.S. Cellular's Motion to Lift Baseline Investment Requirement is granted.

2. The condition imposed in the Commission's Report and Order of May 3, 2007 that requires USCOC of Greater Missouri, LLC, d/b/a U.S. Cellular to meet a baseline investment requirement of a two-year average of $15 million per year in capital expenditures for construction of cell sites in its Missouri market, excluding St. Louis and the Joplin area, in addition to any funding it receives from the federal Universal Service Fund is eliminated.

3. This order shall become effective on October 1, 2012.

4. This file shall be closed on October 2, 2012.

BY THE COMMISSION

(S E A L)

Steven C. Reed
Secretary

Gunn, Chm., Jarrett, Kenney, and
Stoll, CC., concur.

Woodruff, Chief Regulatory Law Judge