

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the application of USCOC of)
Greater Missouri, LLC for designation as an) Case No. TO-2005-0384
eligible telecommunications carrier pursuant to)
the Telecommunications Act of 1996.)

**THE SMALL TELEPHONE COMPANY GROUP'S RESPONSE
REQUESTING ADDITIONAL PROCEEDINGS**

COMES NOW the Missouri Small Telephone Company Group ("STCG"), pursuant to the Missouri Public Service Commission's ("PSC" or "Commission") August 14, 2006 *Order*, and for its response to the "Compliance Filing" submitted by U.S. Cellular, states to the Commission as follows:

1. On August 11, 2006, U.S. Cellular filed what it deemed a "compliance filing" that purports to provide additional information about its intended use of federal Universal Service Fund (USF) support.

2. On August 14, the Commission directed each party to file a pleading indicating whether it wishes to: (a) cross-examine U.S. Cellular's witness; (b) present additional evidence; and/or (c) present additional argument. The answer to all of these questions is "yes" for the STCG. The STCG also requests a reasonable amount of time to conduct discovery in this matter.

3. **Discovery**. Because of the length of time since the prior filing, the Missouri Commission's new ETC designation rules, and the fact that the information presented by U.S. Cellular is substantially changed from its original filing, the STCG requests a reasonable amount of time to conduct discovery. For

example, in its new filing, U.S. Cellular states that “the network improvements proposed in this two-year plan would not be undertaken as proposed herein in the absence of federal high-cost support, and that **the proposed expenditures are over and above what would be budgeted in the absence of such support.**” (p. 5, ¶V)(emphasis added). However, during the hearing U.S. Cellular’s witnesses specifically stated that U.S. Cellular does not budget or track expenditures by state or wire center. U.S. Cellular Witness Mr. Lowell testified as follows:

- Q. Do you also have a state-specific budget?
A. **No, I don’t have a state-specific budget.**
Q. Do you have state-specific financial information regarding historical expenditures of plant in Missouri?
A. I do not.
Q. Do you know if the company does?
A. I do not.
Q. Have you seen any?
A. I have not.
Q. Do you know if there are state-specific income statements for U.S. Cellular’s operations in Missouri showing that?
A. I don’t know.

* * *

- Q. Would that also be true for further stratification within the state between rural and non-rural areas?
A. Would that be true?
Q. In other words, if you don’t have state-specific information regarding capital investments, budgets –
A. Right
Q. -- revenues and expenses, I’m assuming you don’t have it broken down between rural and non-rural areas within the state of Missouri?
A. **I don’t have data broken down between rural versus non-rural.**¹

¹ Tr. 82-83 (emphasis added).

Similarly, U.S. Cellular Witness Mr. Wright testified that U.S. Cellular makes its investments on a regional basis rather than a state-specific basis:

Q. Did I understand Mr. Lowell to say that – and maybe you can clarify this – **U.S. Cellular does not prepare or utilize state-specific financial information?**

A. **That's correct.**

Q. So I would assume by that United States Cellular's investment decisions are made on a region-wide rather than a statewide basis?

A. That is correct.²

* * *

Q. Would you agree with, I believe it was Mr. Lowell's testimony that U.S. Cellular does not compile or maintain historical capital expenditures by state?

A. That's correct.

Q. And is it fair to say that U.S. Cellular does not compile or maintain that historical data by wire center within the state?

A. To my knowledge, no. No.

Q. That is a correct statement, or is that an incorrect statement?

A. We do not have those numbers by wire center.

Q. And with respect to capital budgeting, is it also my understand – is it also your understanding that **U.S. Cellular does not compile and maintain capital budgets for its Missouri operations?**

A. **Not – no, we do not.**

Q. And that would be the same for wire centers within Missouri?

A. That's correct.³

This testimony is consistent with the data request responses provided to the STCG in the previous phase of this proceeding. Therefore, in light of U.S. Cellular's new and possibly inconsistent information about state-specific budgeting, at a minimum the STCG will need to seek additional discovery to determine what "budget" the new plan uses as a benchmark, where the proposed additions will exceed those expenditures that are already budgeted, and why this

² Tr. 127.

³ Tr. 162-64.

budget information was not produced earlier in response to the STCG's previous but ongoing data requests. Also, in the previous phase of this case, the STCG hired an expert witness to perform a propagation analysis based on U.S. Cellular's proposed coverage maps. At minimum, the STCG will want to ask further questions about U.S. Cellular's proposed coverage or lack of coverage under the new plan.

4. **STCG Evidence.** After discovery and a thorough review of U.S. Cellular's new two-year plan, the STCG anticipates presenting additional evidence.

5. **Cross-Examination and Hearing.** The STCG plans to cross-examine U.S. Cellular's witness on the new two-year plan and requests a hearing on the new information.

6. **Additional Argument.** The STCG seeks the opportunity to prepare additional legal argument and briefing after the hearing.

WHEREFORE, the STCG respectfully requests that the Commission adopt a reasonable procedural schedule or convene a prehearing conference for the purpose of establishing dates for discovery, filing additional evidence, a hearing, and post-hearing briefs.

RESPECTFULLY SUBMITTED,

/s/ Brian T. McCartney

W.R. England, III Mo. #23975
Brian T. McCartney Mo. #47788
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue, P.O. Box 456
Jefferson City, MO 65102-0456
trip@brydonlaw.com
bmccartney@brydonlaw.com
(573) 635-7166
(573) 634-7431 (FAX)
Attorneys for the STCG

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or via electronic mail, or hand-delivered on this 31st day of August, 2006, to the following parties:

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Michael F. Dandino
Office of the Public Counsel
P.O. Box 7800
Jefferson City, Missouri 65102

Karl Zobrist
Sonnenschein, Nath & Rosenthal, LLP
4520 Main Street, Suite 1110
Kansas City, Missouri 64114

Anne Bos
Blackwell Sanders Peper Martin
4801 Main Street, Suite 1000
Kansas City, Missouri 64112

David A. Lafuria
Steven M. Chernoff
Lukas, Nace, Guitierrez & Sachs, CHTD
McLean, Virginia 22102

Robert J. Gryzmala
AT&T Missouri
Legal Department
St. Louis, Missouri

Brent Stewart
Stewart & Keevil, L.L.C.
4603 John Garry Drive
Suite 11
Columbia, Missouri 65203

/s/ Brian T. McCartney

Brian T. McCartney