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Witness: James E. Stidham, Jr.
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Southwestern Bell Telephone, L.P. d/b/a/ AT&T
Missouri
Case No.: TO-2005-0384

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Missouri Public
Service Commission

SOUTHWESTERN BELL TELEPHONE, L.P. d/b/a

AT&T MISSOURI

CASE NO. TO-2005-0384

REBUTTAL TESTIMONY

OF

JAMES E. STIDHAM, JR.

Dallas, Texas
November 14, 2006

AT&T Exhibit No. 32
Case No(s) TO-2005-0384
Date 12/18/06 Rptr MU

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

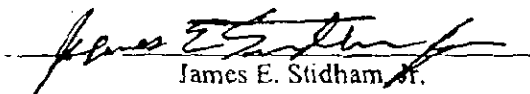
In the matter of the application of USCOC of)
Greater Missouri, LLC for designation as an) Case No. TO-2005-0384
eligible telecommunications carrier pursuant to)
the Telecommunications Act of 1996.)

AFFIDAVIT OF JAMES E. STIDHAM, JR.

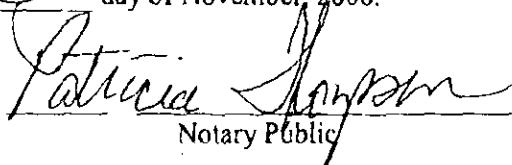
STATE OF TEXAS)
) SS
COUNTY OF DALLAS)

I, James E. Stidham, Jr. of lawful age, being duly sworn, depose and state:

1. My name is James Stidham, Jr. I am presently Associate Director-Regulatory Policy for AT&T Services, Inc.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.


James E. Stidham, Jr.

Subscribed and sworn to before me this 13 day of November, 2006.


Notary Public

My Commission Expires: 5-4-08



INTRODUCTION

1 **Q. WHAT IS YOUR NAME, TITLE AND BUSINESS ADDRESS?**

2 A. My name is James E. Stidham, Jr. My title is Associate Director – Corporate
3 Regulatory Planning and Policy. My business address is 208 S. Akard Street,
4 Room 3041, Dallas, Texas 75202.

5
6 **Q. ARE YOU THE SAME JAMES E. STIDHAM WHO PREVIOUSLY
7 TESTIFIED IN THIS CASE?**

8 A. Yes.

9
10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. My Rebuttal Testimony responds to the August 11, 2006 Compliance Filing of
12 USCOC of Greater Missouri, LLC, d/b/a US Cellular (“U.S. Cellular”), except
13 Appendix 3 of the Compliance Filing.¹ Appendix 3 was designated as Highly
14 Confidential, and consequently, I have not viewed that particular appendix. I
15 recommend that the Commission consider the information and analysis I provide
16 in assessing whether U.S. Cellular’s build out plan complies with the
17 Commission’s rules and federal law.

18
19 **Q. PLEASE IDENTIFY THE MAIN POINTS CONVEYED BY YOUR
20 REBUTTAL TESTIMONY.**

21 A. U.S. Cellular’s Compliance Filing is deficient because:

¹ U.S. Cellular’s filing is comprised of a “Two-Year Network Improvement Plan” with five appendices.

- 1 • U.S. Cellular’s two-year network improvement plan does not meet the
2 requirement to offer supported services “throughout” the service area for
3 which U.S. Cellular seeks ETC designation. 47 U.S.C. § 214(e)(1); 4 CSR
4 240-3.570(2)(A)(3).
5
6 • U.S. Cellular’s proposed use of federal Universal Service High-Cost
7 support with respect to its network in AT&T Missouri’s wire center areas
8 is not consistent with the requirement to use support only for the purpose
9 “for which the support is intended.” 47 U.S.C. § 254(e); 4 CSR 240-
10 3.570(2)(A)(2).
11
12

13 **U.S. CELLULAR’S AUGUST 11, 2006, FILING**

14 **Q. WHAT IS YOUR OPINION REGARDING WHETHER U.S. CELLULAR’S**
15 **FILING DEMONSTRATES AN INTENTION TO COMPLY WITH**
16 **APPLICABLE FEDERAL AND STATE REQUIREMENTS?**

17 **A.** The filing is deficient. It reflects that U.S. Cellular’s primary intent is to reinforce
18 service to current customers and signal areas, by adding capacity and improving
19 coverage in locations where its service already exists. The maps included as
20 Appendices 4 and 5 within U.S. Cellular’s filing show minimal expansion into
21 unserved areas. More particularly, its two-year network improvement plan does
22 not meet the requirement to offer supported services “throughout” the service area
23 for which U.S. Cellular seeks ETC designation. 47 U.S.C. § 214(e)(1); 4 CSR
24 240-3.570(2)(A)(3). The build out plan is meant to demonstrate a carrier’s ability
25 and commitment to deploy service throughout its proposed service area. Instead,
26 U.S. Cellular essentially “stacks” its towers, enhancing service in areas it already
27 serves, while ignoring a significant portion of its proposed service area.

1 Q. PLEASE EXPLAIN IN MORE DETAIL.

2 A. The federal and state requirements identified above require an ETC to offer
3 service “throughout” the service area for which ETC designation is received. The
4 FCC requires that support be used to offer service throughout the designated area
5 within a reasonable time frame. While the FCC requires submission of a five-
6 year network improvement plan, the Commission has determined that submission
7 of a two-year network is acceptable. In any case, at its proposed pace, U.S.
8 Cellular could take a lot longer than five years to use high-cost funds for their
9 intended purpose by building “throughout” the area for which it seeks ETC
10 designation. Also, this Commission’s rules hold as a guiding principle that
11 “consumers in all regions of Missouri, including those in rural, insular and high
12 cost areas will have access to telecommunications [services].” 4 CSR 240-
13 3.570(2)(A)(III). If U.S. Cellular uses high-cost support to improve capacity and
14 improve signal for pre-existing service areas, U.S. Cellular is ignoring this key
15 principle and not committing to provide service to the entire service area within a
16 reasonable time frame. As U.S. Cellular notes in its filing (at p. 3), “far more than
17 39 cell sites will be required” for it to meet its “commitment” to serve throughout
18 its proposed ETC area. Yet, U.S. Cellular plans to use most of the support to
19 “provide improved coverage,” not to provide initial service throughout its
20 proposed service area so additional consumers can benefit from the use of the
21 high-cost support.

1 Q. **WOULD U.S. CELLULAR'S OBLIGATION TO OFFER SERVICE**
2 **THROUGHOUT THE AREAS FOR WHICH IT SEEKS ETC STATUS BE**
3 **EXCUSED WERE HIGH-COST FUNDS TO BE REDUCED?**

4 A. No. U.S. Cellular's filing (at p. 4) states: "Because U.S. Cellular's federal
5 support is limited by the number of customers it actually serves, it can only
6 undertake network improvements at a pace commensurate with the support it is
7 scheduled to receive." U.S. Cellular is not absolved of its obligation to offer
8 service throughout its proposed service area just because federal USF support
9 may not be what U.S. Cellular expects to receive. U.S. Cellular came to this
10 Commission of its own volition asking to be granted ETC status. ETC status
11 holds risks for every ETC carrier, among them the possibility that support could
12 decrease or end completely. Regardless, should this risk materialize, the carrier's
13 obligation to service throughout the designated area within a reasonable time
14 frame continues.

15
16 Q. **DOES U.S. CELLULAR'S FILING SUPPORT ITS TESTIMONY**
17 **RELATED TO THE PUBLIC INTEREST SHOWING?**

18 A. No. The Direct Testimony of Don J. Woods (at pp. 9-10) states: "In an area
19 where fields are being worked far from the road,...the availability of wireless
20 communication can literally save a life." The Direct Testimony of Nick Wright
21 (at p. 15) states: "It is one thing to build service to a main roads or large town,
22 however, only when a company is committed to individuals that do business on
23 the remote gravel roads and fields, does a consumer have reliable and safe

1 service.” Mr. Wright’s Direct Testimony also stated (at p. 16) that the presence of
2 wireless service creates economic opportunities.

3
4 Despite its testimony emphasizing health and safety, and economic development,
5 U.S. Cellular is improving service primarily in areas that it already serves instead
6 of bringing service out to the gravel roads and fields it talked about in its earlier
7 testimony.

8

9 **Q. CAN U.S. CELLULAR USE ITS HIGH-COST SUPPORT TO BUILD OUT**
10 **ITS NETWORK IN THE WIRE CENTERS OF AT&T MISSOURI?**

11 A. In my opinion, no. As of July 1, 2006, AT&T Missouri receives no federal USF
12 support for any of its wire centers.² This includes the Interstate Access Support
13 (“IAS”) that AT&T Missouri previously received. Thus, all AT&T Missouri wire
14 centers are considered to be non-high cost. The Commission, in its final order its
15 ETC rule (4 CSR 240-3.570) emphasizes that “as [U.S. Cellular] notes, the
16 Telecommunications Act states support will only be used for the ‘provision,
17 maintenance, and upgrading of facilities and services for which the support is
18 intended.” (31 Mo. Reg. 793). This reflects the federal requirement to use
19 support only for the purpose “for which the support is intended.” 47 U.S.C. §
20 254(e); see also, 4 CSR 240-3.570(2)(A)(2). The use of high cost support in a

² Under the FCC’s rules, “[a] competitive eligible telecommunications carrier serving loops in the service area of a non-rural incumbent local exchange carrier shall receive support for each line it serves in a particular wire center based on the support the incumbent LEC would receive for each such line.” 47 CFR § 54.307(a)(1).

1 non-high cost wire center is not using the support for which it is intended, i.e., for
2 high-cost wire center areas.

3

4 **Q. SHOULD THE COMMISSION GRANT ETC STATUS TO U.S.**
5 **CELLULAR IN AT&T MISSOURI'S WIRE CENTERS?**

6 A. No. U.S. Cellular plans to build out only to the extent it receives USF high-cost
7 support, not throughout the wire center areas for which it seeks ETC status.
8 Additionally, since there is no high-cost support available to U.S. Cellular in
9 AT&T Missouri's wire centers, U.S. Cellular cannot use high-cost funds to build
10 out in these areas. Therefore, U.S. Cellular should not be designated as an ETC in
11 the AT&T Missouri wire center areas.

12

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.