

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

In the Matter of the Application of)
WWC License, LLC, d/b/a CellularOne)
for Designation as an Eligible)
Telecommunications Carrier, and)
Petition For Redefinition of Rural)
Telephone Company Service Areas)

Case No. _____

**VERIFIED APPLICATION FOR DESIGNATION AS AN
ELIGIBLE TELECOMMUNICATIONS CARRIER, AND
PETITION FOR REDEFINITION OF RURAL TELEPHONE
COMPANY SERVICE AREAS**

1. WWC License, LLC, d/b/a CellularOne® ("Western Wireless") hereby applies to be designated as an eligible telecommunications carrier ("ETC") for purposes of qualifying to obtain federal universal service support in the service areas of certain rural and non-rural telephone companies in the State of Missouri. Western Wireless submits this Application pursuant to 47 U.S.C. § 214(e) (Section 214(e) of the Federal Telecommunications Act of 1996 ("Act")) and 4 CSR 240-2.060, seeking an order designating Western Wireless as an ETC, without condition, in the study areas of the rural telephone companies and non-rural wire centers listed on Attachment 1, and conditionally designating Western Wireless as an ETC in the wire centers of the rural telephone companies listed in Attachment 2. To effectuate the Missouri Public Service Commission's ("Commission's") designation of Western Wireless as an ETC in the rural telephone company wire centers listed on Attachment 2, and as a condition thereto, the Commission should redefine the service areas for those rural telephone companies from the study area to the wire center level, consistent with 47 C.F.R. § 54.207.

2. Section 214(e) of the Act and the rules and regulations of the FCC, specifically 47 C.F.R. § 54.101(a), establish the mandatory and exclusive criteria for designation as a federal

ETC in the State of Missouri. This Application affirms and demonstrates that Western Wireless meets all applicable requirements and is entitled to be designated an ETC.

3. Western Wireless' request for ETC designation in the rural telephone company wire centers listed on Attachment 2 is subject to the further condition that the Commission redefine the service areas of those companies identified, pursuant to 47 C.F.R. § 54.207(a). Western Wireless asks the Commission to conditionally designate Western Wireless as an ETC in those newly redefined service areas, subject to approval of the redefinition by the Federal Communications Commission ("FCC") under 47 C.F.R. § 54.207(c).

I. GENERAL BACKGROUND

4. Pursuant to 4 CSR 240-2.060, Western Wireless is a Delaware corporation, with its principal office location at:¹

WWC License, LLC d/b/a CellularOne®
Attention: James H. Blundell
3650 – 131st Avenue S.E., Suite 400
Bellevue, WA 98006
Telephone: (425) 586-8736
Facsimile: (425) 586-8118

Since 1992, Western Wireless, through its subsidiaries (including WWC License, LLC), has provided telecommunications services to rural communities in the western United States, including Missouri.² Western Wireless currently provides commercial mobile radio services ("CMRS") under the "CellularOne" national brand name to more than 1.3 million subscribers in 19 States west of the Mississippi River. The Company owns cellular licenses

¹ Correspondence, communications and orders and decisions of the Commission should be sent to the undersigned counsel.

² Pursuant to 4 CSR 240-2.060, copies of Western Wireless' authorization to do business in Missouri and registration of its fictitious name are appended as Attachment 3. There are no pending actions or final unsatisfied judgments against Western Wireless within the last three years concerning customer service or rates. No annual report or assessment fees are overdue.

covering approximately thirty percent (30%) of the land and two percent (2%) of the population of the continental United States. In terms of population served, the Western Wireless network covers approximately nine million people. The Company's service area has a population density of approximately 11 people per square mile. As such, Western Wireless is uniquely situated to provide state-of-the-art telecommunications service to rural consumers.

5. The FCC has regulatory jurisdiction over Western Wireless' provision of CMRS in all States in which it provides services. However, the Commission has confirmed that it has jurisdiction to designate a CMRS provider as an ETC in the State of Missouri. *In the Matter of the Application of Missouri RSA No. 7 Limited Partnership d/b/a Mid-Missouri Cellular for Designation as a Telecommunications Company Carrier Eligible for Federal Universal Service Support Pursuant to Section 254 of the Telecommunications Act of 1996*, Case No. TO-2003-0531, Order Denying Motion to Dismiss, Setting Prehearing Conference, and Directing Filing of a Proposed Procedural Schedule (Sept. 16, 2003).

6. The services provided by Western Wireless in the State of Missouri include analog and digital mobile telephony, data/facsimile, 911, voice mail, and other features and services. WWC License, LLC is the non-wireline FCC licensee in the following cellular license areas in Missouri: Missouri 9 – Bates RSA, Market No. 512A, Call Sign KNKN443. Western Wireless provides cellular service in Missouri and currently serves customers in the following Missouri counties: Bates, Cedar, Henry, St. Clair, and Vernon.

II. WESTERN WIRELESS MEETS ALL REQUIREMENTS FOR DESIGNATION AS AN ETC

7. Under 47 U.S.C. § 214(e)(2), the Commission has jurisdiction and authority to designate Western Wireless as an ETC in the requested designated areas. The requirements for ETC designation are set forth in 47 U.S.C. § 214(e)(1)-(2) and 47 C.F.R. § 54.101. As set forth

below, Western Wireless: (1) is a common carrier; (2) provides the supported services; and (3) will meet all service and advertising obligations of an ETC. In addition, in areas served by rural telephone companies, Western Wireless' ETC designation serves the public interest.

A. Western Wireless is a Common Carrier

8. The first requirement for ETC designation is that the applicant is a common carrier. 47 U.S.C. §§ 214(e)(1) and 153(10). Western Wireless is a CMRS provider and, as such, is a common carrier. *See also* 47 C.F.R. § 20.9(a)(7).

B. Western Wireless Offers the Supported Services

9. The second requirement for ETC designation is that the applicant provide the supported services or functionalities set forth in 47 C.F.R. § 54.101(a)(1)-(9) throughout the requested designated service areas. 47 U.S.C. § 214(e)(1)(A). In its *Universal Service Order* implementing Sections 214(e) and 254, the FCC identified the specific services that a carrier must provide to be designated as an ETC and receive universal service support.³ The required services, also set forth in 47 C.F.R. § 54.101(a)(1)-(9), are as follows:

<u>Supported Service</u>	<u>Does Western Wireless currently provide the service or function?</u>
1. Voice-grade access to the public switched network	Yes
2. Local Usage	Yes
3. Dual tone multi-frequency ("DTMF") signaling or its functional equivalent	Yes
4. Single-party service or its functional equivalent	Yes
5. Access to emergency services	Yes
6. Access to operator services	Yes

³ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 97-157 (rel. May 8, 1997) ("*Universal Service Order*").

- | | |
|--|-----|
| 7. Access to interexchange service | Yes |
| 8. Access to directory assistance | Yes |
| 9. Toll blocking for qualifying Lifeline customers | Yes |

10. Western Wireless currently provides the nine supported services set forth in 47

C.F.R. § 54.101(a) over its existing network infrastructure in State of Missouri as follows:

a. Voice-grade access to the public switched telephone network. Voice-grade access means the ability to make and receive phone calls within a voice frequency range of between 300 and 3000 Hertz, a bandwidth of approximately 2700 Hertz. *See In the Matter of Federal State Joint Board on Universal Service*, CC Docket No. 96-45, Fourth Order on Reconsideration, FCC 97-420, ¶¶ 15-16 (rel. Dec. 30, 1997). Through its interconnection arrangements with local telephone companies, including SBC, Sprint, ALLTEL, CenturyTel of Missouri, and Spectra. In addition, Western Wireless has entered into interconnection negotiations with Cass County Telephone. All Missouri customers of Western Wireless are able to make and receive calls on the public switched network within the prescribed frequency range.

b. Local usage. Western Wireless provides its customers with an amount of local usage, free of charge, as required by 47 C.F.R. § 54.101(a)(2). Unlimited local usage is not required of any ETC. *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket 96-45, Order and Order on Reconsideration, FCC 03-170, (rel. July 14, 2003) ("*July 2003 Order*"). Western Wireless will include local usage in all of its service offerings, and intends to offer unlimited local usage as part of at least one of its service offerings. Western Wireless also will comply with any specific local usage requirements adopted by the FCC in the future and required of federal ETCs.

c. DTMF signaling, or its functional equivalent. DTMF is a method of signaling that facilitates the transportation of call set-up and call detail information. *Universal Service Order*, ¶ 71. The FCC recognized that "wireless carriers use out-of-band digital signaling mechanisms [I]t is appropriate to support out-of-band signaling mechanisms as an alternative to DTMF signaling." *Id.* Western Wireless currently uses out-of-band digital signaling and in-band multi-frequency signaling that is functionally equivalent to DTMF signaling.

d. Single-party service or its functional equivalent. "Single party service" means that only one party will be served by each subscriber loop or access line, in contrast to a multi-party line. A CMRS provider meets the requirement when it offers a dedicated message path for the length of a user's particular transmission. 47 C.F.R. § 54.101(a)(4). Western Wireless provides a dedicated message path for the length of all customer calls.

e. Access to emergency services. The fifth supported service is the ability to reach the appropriate public safety answering point ("PSAP") by dialing "911." 47 C.F.R. § 54.101(a)(5); *Universal Service Order*, ¶ 72. The FCC also requires that a carrier must provide access to enhanced 911, or "E911," which includes the capability of providing both automatic numbering information ("ANI") and automatic location information ("ALI"), when the PSAP submits a compliant request to the carrier. To qualify as a compliant Phase I E911 request under the FCC's rules, the PSAP must "be capable of receiving and utilizing the data elements associated with the service, and a mechanism for recovering the [PSAP'S] costs of the enhanced 911 service [must be] in place." 47 C.F.R. § 20.18(j). Western Wireless currently provides all of its customers with access to emergency services by dialing 911 and stands ready to provide E911 service to its customers once a PSAP submits a compliant request for E911 service. Although Western Wireless has not received any requests for either Phase I or Phase II E911 service, the Company will work with PSAPs within its designated service areas to make E911 service available according to federal requirements.

f. Access to operator services. Access to operator services means any automatic or live assistance provided to a consumer to arrange for the billing or completion, or both, of a telephone call. 47 C.F.R. § 54.101(a)(6). Western Wireless meets this requirement by providing all of its customers with access to operator services provided by either the Company or other entities (*e.g.*, LECs, interexchange carriers ("IXCs"), etc.).

g. Access to interexchange service. As explained by the FCC, an ETC must offer consumers access to interexchange service for the purposes of making and receiving toll or interexchange calls. 47 C.F.R. § 54.101(a)(7); *Universal Service Order*, ¶ 78; *see also* 47 U.S.C. § 332(c)(8). Equal access to interexchange service, *i.e.*, the ability of a customer to access a presubscribed long distance carrier by dialing 1+number, is not required. 47 U.S.C. § 332(c)(8); *Universal Service Order*, ¶ 78; *see July 2003 Order*, ¶¶ 14-15, 33. Western Wireless presently meets this requirement by providing all of its customers with the ability to make and receive interexchange or toll calls through direct interconnection arrangements the Company has with several IXCs. Additionally, customers are able to reach their IXC of choice by dialing the appropriate access code. Consequently, Western Wireless satisfies this service requirement.

h. Access to directory assistance. The eighth supported service is access to directory assistance. 47 C.F.R. § 54.101(a)(8). Western Wireless meets this requirement by providing all of its customers with access to directory assistance by dialing "411" or "555-1212."

i. Toll limitation for qualifying low-income consumers. An ETC must offer "toll limitation" services to qualifying Lifeline customers at no charge. 47 C.F.R. § 54.101(a)(9). FCC Rule 54.400(d) defines "toll limitation" as either "toll blocking" or "toll control" if a carrier is incapable of providing both, but both "toll blocking" and "toll control" if a carrier can provide both. Western Wireless

is not currently capable of providing toll control, but does offer toll-blocking services for Lifeline customers in states in which it has been designated as an ETC. Western Wireless will offer toll blocking to Lifeline customers, at no charge, in the designated areas, as required by FCC rules.

C. Western Wireless Advertises the Supported Services

11. The third requirement for ETC designation is that the applicant advertise the availability of the supported services and charges using media of general distribution. 47 U.S.C. § 214(e)(1)(B). The Company currently offers and advertises the federally supported services throughout its requested designated service areas, through several different media, including newspaper, television, radio, and billboard advertising. Western Wireless also maintains various retail store locations throughout its authorized service areas, which provide an additional source of advertising. Once designated, Western Wireless will advertise the availability of and charges for its service offerings through media of general distribution.

D. Western Wireless Will Comply With Service Area Requirements

12. An applicant for ETC designation may be designated in an area served by a non-rural telephone company for a service area determined by the Commission. 47 U.S.C. § 214(e)(5). For areas served by a rural telephone company, Section 214(e)(5) of the Act provides that the ETC's designated service area is equivalent to the rural telephone company's study area. A rural telephone company's "study area" is generally defined as all of the company's existing certificated exchange area in a given State. *Universal Service Order*, ¶ 172, n.434. However, the FCC's rules recognize that the study area is subject to redefinition if the FCC and the Commission establish a different service area in accordance with 47 C.F.R. § 54.207(c)-(d).

13. Western Wireless seeks designation as an ETC in the rural study areas and non-rural wire centers identified on Attachment 1 and the rural wire centers identified on Attachment 2. Western Wireless is currently licensed and provides signal coverage throughout these rural

telephone company service areas and will offer and advertise its universal service offerings throughout these designated service areas.

14. Western Wireless seeks immediate ETC designation in the rural telephone company study area that it serves in its entirety, as identified on Attachment 1. But where Western Wireless does not serve the entire study area, Western Wireless seeks conditional ETC designation on a wire center basis for the wire centers of the rural telephone companies identified on Attachment 2, contingent upon the FCC and the Commission establishing a different service area in accordance with 47 C.F.R. § 54.207(c)-(d). The boundaries of the telephone company wire centers do not, in any respect, match the boundaries of the service areas of Western Wireless. As a result of this mis-match, and in order to accommodate competitive applicants, it is necessary in this proceeding for the Commission to redefine the service areas from study areas to wire center boundaries, pursuant to 47 C.F.R. § 54.207, to enable Western Wireless to meet the ETC requirements under 47 U.S.C. § 214(e). Western Wireless' request for ETC designation in the wire centers on Attachment 2 is subject to the redefinition of the service areas for purposes of Western Wireless' designation in the areas served by the companies so identified.

15. The Act and the FCC's regulations require the FCC and the State to act in concert to develop an alternative service area for an area served by a rural telephone company. The sole requirement in establishing a service area other than the study area is that the FCC and the State commission each give full consideration to the Joint Board's recommendations and explain their rationale for reaching a different conclusion. 47 U.S.C. § 214(e)(5); 47 C.F.R. § 54.207(b); *Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier In the Commonwealth of Virginia*, CC Docket No. 96-45,

Memorandum Opinion and Order, FCC 03-338, ¶ 41 (rel. Jan. 22, 2004) ("*Virginia Cellular*").

As explained more fully below, redefining the service area for certain rural telephone company service areas in this proceeding is fully consistent with the Joint Board's recommendations.

E. Western Wireless Should be Designated as an Additional ETC in Areas Served by Southwestern Bell

16. Western Wireless requests immediate designation in the areas served by Southwestern Bell, a non-rural telephone company. When designating an additional ETC in areas served by a non-rural telephone company, "a State commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier..." 47 U.S.C. § 214(e)(2) (emphasis added). As noted above, Western Wireless meets the requirements to be designated as an ETC. Western Wireless is a common carrier, provides the supported services required, and will meet all service and advertising obligations of an ETC. Under the Act, there are no further requirements for designation in non-rural areas. Therefore, Western Wireless should be designated an ETC in the areas served by Southwestern Bell.

F. The Public Interest Determination for Rural Telephone Company Areas

17. For areas served by rural telephone companies, the Commission must find that designation serves the public interest in accordance with 47 U.S.C. § 214(e)(2). Designation of Western Wireless as an ETC in its requested designated areas will serve the public interest.

18. The public interest determination required under Section 214(e) of the Act depends on whether the designation of the additional ETC will promote competition, and if so whether consumers will ultimately realize benefits related to competition and the new services provided. The public interest determination should consider whether the benefits of an

additional ETC outweigh any potential harm. *Virginia Cellular*, ¶ 28. The express purposes of the Act in this regard are as follows:

To promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.

Pub. L. No. 104-104, 110 Stat. 56 (1996) (emphasis added).

19. Competition in the telecommunications industry is, as a general matter, in the public interest, and the hallmark of a competitive marketplace is the maximization of consumer choice. It is also clear that the public interest is served where there is a reasonable expectation that competition may have beneficial impacts for consumers. As it applies to the designation of an additional ETC in an area served by a rural telephone company, the public interest necessarily must focus on the benefits of competition to the rural consumer.

20. The Commission must also apply the public interest factor in a way that advances universal service as contemplated by the Act. Congress gave the FCC responsibility to create rules and policies "for the preservation and advancement of universal service." 47 U.S.C. § 254(b). States must respect and defer to those FCC determinations. States cannot use a public interest standard to affect a result contrary to FCC directives. The FCC, for example, has directed that a State cannot deny an application because a CMRS provider may not meet "the regulatory requirements that govern ILECs, including privacy, marketing, service provisioning, and service quality requirements, as well as carrier of last resort (COLR) obligations." *Universal Service Order*, ¶ 142. The Commission must always remain consistent with the Act and FCC directives as it makes the public interest determination under Section 214(e)(2).

21. The Commission has, in fact, applied the public interest standard in accordance with federal principles to designate a competitive ETC in areas served by a rural telephone company. See *In the Matter of the Application of Green Hills Area Cellular Telephone, Inc.*

d/b/a Green Hills Telecommunications Services for Designation as a Telecommunications Company Carrier Eligible for Federal Universal Service Support Pursuant to Section 254 of the Telecommunications Act of 1996, Case No. CO-2003-0162, Order Approving Stipulation and Agreement (Mar. 4, 2003) ("*Green Hills Cellular*"). In *Green Hills Cellular*, the Commission agreed that the public interest would be served by "expand[ing] the availability of innovative, high-quality and reliable telecommunications service, and [] further stimulat[ing] economic development within the state of Missouri." *Id.* at 4.

1. Granting ETC Designation Will Facilitate Competition to the Benefit of Consumers

22. The benefits of competition are presumed – increased competition can be expected to lead to better service and the provision of new, innovative services. *In the Matter of Western Wireless Corp. Petition for Designation as an Eligible Telecommunications Carrier in the State of Wyoming*, CC Docket No. 96-45, Memorandum Opinion and Order, DA 00-2896, ¶¶ 16-22 (rel. Dec. 26, 2000) ("*Wyoming Order*").

23. Granting ETC status to Western Wireless will recognize the importance of allowing rural consumers a choice of providers for their telecommunications needs. Consumers should be able to choose services based on their own needs, and not just the service of the incumbent LEC. When the Commission designates a competing carrier as an additional ETC, rural consumers choose their service provider on the basis of the most advantageous pricing, services, service quality, customer service, and service availability. Because Western Wireless' network supports the provision of data services, customers will be able to combine basic universal services with advanced services if they so desire. The benefits of increased competitive choice for consumers are in the public interest. *Virginia Cellular*, ¶ 29.

24. Having this choice is important to rural consumers because Western Wireless' universal service offerings will provide benefits not otherwise available from the landline LECs. For example, current service offerings by incumbent LECs have restricted local calling areas and are bound by the limitations of landline technology. Western Wireless provides an expanded local calling area, which is of great benefit to rural consumers who otherwise have to pay toll charges to reach local government offices, health care providers, businesses or family outside of a restricted landline calling area. *See Universal Service Order*, ¶ 114. Western Wireless' service also provides the benefits of mobility, which has great appeal to many rural consumers. *Virginia Cellular*, ¶ 29. Western Wireless provides innovative service offerings that will be tailored to consumers' needs.

25. Even many rural telephone companies recognize the public interest benefits of wireless services. The South Dakota Telecommunications Association ("SDTA") recently stated that:

As consumers come to expect greater mobility, it will be necessary for the traditional wireline telephone carriers to incorporate wireless into their service offering. In rural America, this mobility has greater significance, since everyday life often requires traveling over great distances. Moreover, accidents, vehicle breakdowns and medical emergencies have potentially more dire consequences in rural areas, if help is not summoned immediately. Effective and affordable wireless communications can greatly mitigate the reduced availability of emergency services in such areas. In addition, fixed and mobile wireless offers the potential to bring broadband data/internet access to rural communities more quickly and less expensively than traditional wireline technologies.⁴

26. In addition to increased choices, Missouri's rural consumers can also expect lower rates and better service resulting from competition in the marketplace. Western Wireless

⁴ See *In the Matter of Facilitating the Provision of Spectrum-Based Services to Rural Areas and Promoting Opportunities for Rural Telephone Companies to Provide Spectrum-Based Services*, WT Docket No. 02-381, Comments of South Dakota Telecommunications Assn., p.2 (filed Feb. 3, 2003).

provides 24-hour customer service, including technical and operational support, which is more responsive than the support currently available from many LECs.

27. Western Wireless is committed to providing high service quality to its customers consistent with the public interest. Specifically, Western Wireless has adopted and complies with the Cellular Telecommunications and Internet Association's ("CTIA's") Consumer Code for Wireless Service, which sets forth certain principles, disclosures and practices for the provision of wireless service to the benefit of consumers.

28. The FCC has confirmed that competition and universal service are to be accomplished together, and that rural consumers are entitled to achieve universal service goals through the benefits of competition:

Commenters who express concern about the principle of competitive neutrality contend that Congress recognized that, in certain rural areas, competition may not always serve the public interest and that promoting competition in these areas must be considered, if at all, secondary to the advancement of universal service. We believe these commenters present a false choice between competition and universal service. A principal purpose of section 254 is to create mechanisms that will sustain universal service as competition emerges. We expect that applying the policy of competitive neutrality will promote emerging technologies that, over time, may provide competitive alternatives in rural, insular, and high cost areas and thereby benefit rural consumers. For this reason, we reject assertions that competitive neutrality has no application in rural areas or is otherwise inconsistent with section 254.

Universal Service Order, ¶ 50 (emphasis added).

29. The FCC and other State commissions have considered and rejected speculative claims that competition will hurt rural consumers. The FCC has rejected arguments that the designation of an additional ETC in rural telephone company service areas would reduce investment in infrastructure, raise local service rates, reduce service quality to consumers, or result in loss of network efficiency:

We reject the general argument that rural areas are not capable of sustaining competition for universal service support. We do not believe that it is self-evident

that rural telephone companies cannot survive competition from wireless providers. Specifically, we find no merit to the contention that designation of an additional ETC in areas served by rural telephone companies will necessarily create incentives to reduce investment in infrastructure, raise rates, or reduce service quality to consumers in rural areas. To the contrary, we believe that competition may provide incentives to the incumbent to implement new operating efficiencies, lower prices, and offer better service to its customers.

Wyoming Order, ¶ 22. Similar claims were raised in Western Wireless' application for ETC designation in Minnesota. Faced with claims that rural LECs could not respond to competition and would go out of business, the Minnesota Public Utilities Commission found it more likely that competition would "perform its widely recognized function of motivating the incumbents to find and implement new operating efficiencies, lowering prices and offering better service in the process."⁵ The Washington Utilities and Transportation Commission ("WUTC") has likewise dismissed as "overly speculative" rural LEC concerns that ETC designation would erode universal service for consumers.⁶

2. Granting ETC Designation Will Advance Universal Service by the Provision of New Telecommunications Services to Rural Consumers

30. Granting Western Wireless ETC status in rural areas will improve choices for rural consumers, thereby advancing universal service for Missourians. Different services, improved quality and lower rates not only give the consumer additional options, but also make it more likely that high-cost areas of the State will have affordable phone service as implicit subsidies are phased out. In addition, the designation of Western Wireless as an ETC may allow those consumers who are not currently receiving telephone service of any kind an opportunity to

⁵ *In the Matter of Minnesota Cellular Corporation's Petition for Designation as an Eligible Telecommunications Carrier*, Docket No. P-5695/M-98-1285, ¶ VIII.C (Oct. 27, 1999).

⁶ *In the Matter of the Petition of United States Cellular Corp., et al. for Designation as Eligible Telecommunications Carriers*, Third Supplemental Order Granting Petition for Designation as Eligible Telecommunications Carrier, Docket No. UT-970345, ¶ 46 (Jan. 27, 2000).

obtain telephone service for the first time. There is simply no question that the designation of Western Wireless as an ETC will advance universal service by increasing consumer choices and bringing new telecommunications services to rural areas consistent with the public interest.

31. Further, wireless technology and networks have been rapidly deployed in the past 15 years. This deployment and network expansion must continue if rural consumers will have full access to this technology in the future. The use of federal universal service support to provide universal services and extend wireless networks in rural areas in Missouri clearly benefits the public interest by ensuring these networks will be available to deliver basic and advanced services to Missouri consumers. As stated above, designating Western Wireless as an ETC may allow consumers who are not currently receiving telephone service an opportunity to obtain it for the first time. It will also serve the public interest by advancing universal service to rural areas.

32. Designation of Western Wireless as an ETC will provide an incentive to the incumbent LECs in the designated areas to improve their existing networks in order to remain competitive, resulting in improved services to consumers.

33. Further, designation of Western Wireless as an ETC will also serve the public interest because Western Wireless will provide all of the supported services required by the Commission, will participate in the Lifeline and Link-Up programs as required by the FCC's Rules, and will otherwise comply with all FCC Rules governing universal service programs, which are designed to ensure that the public interest standards of the Act are achieved. Allowing Western Wireless access to universal service subsidies will allow Western Wireless to continue to enhance and expand its network infrastructure to better serve consumers in underserved, high-cost areas of Missouri, and to compete with other carriers on a level playing field.

3. No Rural LEC Will Experience Any Significant Adverse Impact from Western Wireless' ETC Designation to Justify Denying Consumers the Benefits of Competition

34. The designation of Western Wireless as an ETC in the requested designated areas will not result in any significant adverse impact to any rural telephone company. None of the areas in which Western Wireless is seeking designation is incapable of supporting an additional ETC.

35. Under the current federal universal service funding mechanisms, rural telephone companies will continue to receive funding based on an embedded cost methodology until 2006. This extended transition period – as well as their continued receipt of implicit subsidies within intrastate access rates – ensures the rural companies can move successfully to competitive markets.

36. Western Wireless' designation will also ensure the continued affordability of telecommunications services in rural areas in Missouri. Western Wireless competitively markets a variety of service offerings, and Western Wireless' service plans are offered to rural customers at the same rates offered in urban areas.

37. Western Wireless' designation will not adversely burden the federal universal service fund.

38. Accordingly, designation of Western Wireless as an ETC will serve the public interest.

III. THE COMMISSION SHOULD CONDITIONALLY DESIGNATE WESTERN WIRELESS AS AN ETC IN WIRE CENTERS WHERE IT CAN PROVIDE SERVICES

39. Section 214(e)(5) of the Act defines the term "service area" as a geographic area established by a State commission for the purpose of determining universal service obligations and support mechanisms. 47 U.S.C. § 214(e)(5). In an area served by a non-rural LEC, each

exchange is an ETC service area. For an area served by a rural LEC, Section 214(e)(5) and 47 C.F.R. § 54.207(b) provide that the term "service area" means the rural telephone company's "study area."

40. Western Wireless' request for ETC designation in the areas of the rural telephone companies listed on Attachment 2 is subject to the Commission's action to redefine the service areas from the study area to the wire center level. As stated above, the Act and the FCC's rules provide that the service area of a rural telephone company shall be the "study area" of the rural telephone company, until and unless the FCC and the State commission both agree to redefine this standard. 47 U.S.C. § 214(e)(5); 47 C.F.R. § 54.207(b). The boundaries of the telephone company wire centers do not, in any respect, match the boundaries of the service areas of Western Wireless. As a result of this mis-match, and in order to accommodate competitive applicants, it is necessary in this proceeding for the Commission to redefine the service areas from study areas to wire center boundaries, pursuant to 47 C.F.R. § 54.207, to enable Western Wireless to meet the ETC requirements under 47 U.S.C. § 214(e). Federal rules provide the mechanism by which the FCC will process a request by a State commission for redefinition of a service area. 47 C.F.R. § 54.207. The decision to redefine the service areas must be made after taking into account recommendations of the Federal-State Joint Board. *Id.*

A. Redefining the Service Areas Is Consistent With Joint Board Standards

41. The FCC identified three factors initially recommended by the Joint-Board, which should be considered by the Commission and the FCC when determining the appropriateness of redefining the service areas to a level below the study area. The first factor is the risk that a competitor would selectively target service only to the lowest cost areas of the rural ILEC's study area, a process labeled as "cream-skimming." The FCC noted that if a competitor were required to serve a rural telephone company's entire study area, the risk of "cream-skimming" would be

reduced because a competitive ETC would be prevented from selectively targeting service only to the lowest cost exchange of the rural ILEC's study area. *Universal Service Order*, ¶ 189. As the Joint Board explained:

We note that some commenters argue that Congress presumptively retained study areas as the service area for rural telephone companies in order to minimize "cream skimming" by potential competitors. Potential "cream skimming" is minimized because competitors, as a condition of eligibility, must provide services throughout the rural telephone company's study area. Competitors would thus not be eligible for universal service support if they sought to serve only the lowest cost portions of a rural telephone company's study area.⁷

42. Second, a State commission and the FCC must consider the regulatory status enjoyed by rural telephone companies under the Act. The FCC determined that initially establishing a service area based on the study area of a rural telephone company was appropriate, at least temporarily, in recognition of the different competitive footing afforded to smaller rural telephone companies which are exempt from certain of the Act's requirements. *Universal Service Order*, ¶ 189; *Virginia Cellular*, ¶ 41. In making its recommendation, the Joint Board had reasoned:

For example, rural telephone companies are initially exempt from the interconnection, unbundling, and resale requirements of 47 U.S.C. § 251(c). The 1996 Act continues this exemption until the relevant state commission finds, *inter alia*, that a request of a rural telephone company for interconnection, unbundling, or resale would not be unduly economically burdensome, would be technically feasible, and would be consistent with section 254. Moreover, while a state commission must designate other eligible carriers for non-rural areas, states may designate additional eligible carriers for areas served by a rural telephone company only upon a specific finding that such a designation is in the public interest.

Joint Board Recommendations, ¶ 173.

⁷ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket 96-45, 12 FCC Rcd. 87, ¶ 172 (rel. Nov. 8, 1996) ("*Joint Board Recommendations*").

43. The third factor to be considered is whether any administrative burdens might result from the redefinition of the service areas. A rural telephone company's universal service support payments are currently based on a rural company's embedded costs determined at the study area level. *Universal Service Order*, ¶ 189. The Joint Board initially expressed concern that rural telephone companies might have difficulty calculating costs at a level below the study area. The Joint Board stated:

Another reason to retain existing study areas is that it is consistent with our recommendation that the determination of the costs of providing universal service by a rural telephone company should be based, at least initially, on the Company's embedded costs. Rural telephone companies currently determine such costs at the study area level. We conclude, therefore, that it is reasonable to adopt the current study areas as the service areas for rural telephone companies rather than impose the administrative burden of requiring rural telephone companies to determine embedded costs on a basis other than study areas.

Joint Board Recommendations, ¶ 174.

44. Despite its initial decision to adopt the study area as the service area for a rural telephone company, the FCC has now stated a policy favoring redefinition in instances where a rural carrier's study area is large and/or non-contiguous. The FCC has expressly urged State commissions to explore redefinition for purposes of ETC designations when competitive ETCs and wireless carrier might not be able to provide facilities-based service throughout a rural company's entire study area. The FCC cautioned that requiring a new entrant to serve a non-contiguous service area as a prerequisite to ETC eligibility would impose a "serious barrier to entry, particularly for wireless carriers" and would be "particularly harmful to competition in rural areas, where wireless carriers could potentially offer service at much lower costs than traditional wireline service." *Universal Service Order*, ¶ 190.

45. Western Wireless requests that the Commission redefine the service areas of the rural telephone companies listed on Attachment 2 from the study area to the boundaries of the

individual wire center for purposes of designating Western Wireless as an ETC under 47 U.S.C. § 214(e). The study areas of these rural telephone companies contain multiple wire centers. In all, the study areas of the five rural telephone companies listed on Attachment 2 contain 256 separate wire centers. Redefining the service areas into separate service areas based on each individual wire center for purposes of ETC designations will promote competition by eliminating a barrier to entry into the universal service market. This approach also would enable Western Wireless to be designated a federal ETC in the wire centers within its existing licensed and signal coverage area consistent with the public interest determination of the Commission.

46. The Commission can proceed to redefine the service areas on a wire center basis while appropriately taking into account the three factors noted by the Joint Board and adopted by the FCC. The first factor, relating to the risk of cream-skimming, is not present. Western Wireless seeks redefinition of the service area to an individual wire center basis so it can be designated as an ETC in those areas for which it is licensed and has the ability to provide facilities-based services. Moreover, redefining the service areas to the wire center basis will not result in any effects of cream-skimming based on a consideration of the relative high-cost and low-cost wire centers within the incumbent's study area. *Virginia Cellular*, ¶ 42. Redefinition to an individual wire center basis will also preserve and advance universal service by establishing designated service areas that are more reflective of the areas actually served. Redefinition furthers competition and protects the incumbents from selective targeting of specific wire centers with the lowest cost and highest support. In short, there will be no opportunity for cream-skimming.

47. The risk of "cream-skimming" has been substantially eliminated by subsequent FCC action. Under the FCC's existing universal service support mechanisms, a rural telephone

company receives high-cost universal service support based on the average of its embedded costs throughout the carrier's entire study area. *See* 47 C.F.R. §§ 54.301 and 54.303. As a result, a rural telephone company's support on a per-line basis will be the same throughout its study area even though the costs of serving customers in that study area may vary widely. This averaging may create "artificial barriers to competitive entry in the highest-cost areas and artificial entry incentives in relatively low-cost portions of a rural carrier's study area" because a competitor may try to serve only the low-cost, high-support areas and ignore the more costly areas to serve.⁸

48. To minimize the opportunity for such cream-skimming, the FCC offered rural telephone companies the option to "disaggregate" – *i.e.*, target – the federal universal service support amounts they receive to the higher-cost portions of their study areas. In so doing, rural carriers were given the opportunity to disaggregate and target support – if they were truly concerned about cream-skimming – to ensure that a competitive ETC would receive less per-line support in low-cost areas and, conversely, to ensure that a competitive ETC would only receive higher per-line support in truly high-cost portions of their study areas. Thus, the risk of cream-skimming by an ETC applicant seeking designation for less than the study area has been practically eliminated because the incumbent rural telephone company can utilize the disaggregation process to target its per-line support to better reflect the actual costs of service in different areas throughout its entire study area. *Virginia Cellular*, ¶ 35, n.112. Indeed, two of

⁸ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, and *In the Matter of Multi-Association Group (MAG) Plan for Regulations of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, *Fourteenth Report and Order*, *Twenty-Second Order on Reconsideration*, and *Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256*, FCC 01-157, ¶ 144-164 (rel. May 23, 2001) ("*Fourteenth Report and Order*").

the five companies in whose service areas Western Wireless seeks conditional ETC designation have already filed to disaggregate and target their high-cost support.⁹ As the FCC noted:

Rural telephone companies . . . now have the option of disaggregating and targeting high-cost support below the study area level so that support will be distributed in a manner that ensures that the per-line level of support is more closely associated with the cost of providing service. Therefore, any concern regarding "cream-skimming" of customers that may arise in designating a service area that does not encompass the entire study area of the rural telephone company has been substantially eliminated.¹⁰

49. The second Joint Board factor relating to the special status of rural LECs can also appropriately be taken into account by redefining the requirement to a wire center basis. Redefinition to an individual wire center basis will not compromise or impair the unique treatment of these companies as rural telephone companies under Section 251(f) of the Act. Consequently, the companies will still retain the statutory exemptions from interconnection, unbundling and resale requirements under 47 U.S.C. § 251(c) even if the service area standard is redefined for purposes of Western Wireless' ETC designation. Moreover, redefinition will not affect the total amount of high-cost support that an incumbent rural telephone company will receive. *Virginia Cellular*, ¶ 43.

50. The Act's public interest factor for the designation of an additional ETC in the service areas of these rural telephone companies under 47 U.S.C. § 214(e)(2) will also remain in place. The continued existence of the public interest standard was noted by the FCC as a safeguard available to a State commission to support a redefinition request for service areas to

⁹ The two companies are ALLTEL Missouri, Inc. and Spectra Communications Group, LLC. Co. See <http://www.universalservice.org/hc/disaggregation/checklist/missouri.xls>.

¹⁰ See *In the Matter of Federal-State Joint Board on Universal Service Petitions for Reconsideration of Western Wireless Corporation's Designation as an Eligible Telecommunications Carrier in the State of Wyoming*, CC Docket No. 96-45, *Order on Reconsideration*, FCC 01-311, ¶ 12 (rel. Oct. 19, 2001). ("*Western Wireless Reconsideration Petition*") (emphasis added).

less-than-study area level. *Universal Service Order*, ¶ 190. This public interest factor will remain as an effective check to prevent the designation of an additional competitive ETC who may seek to target only low cost areas or otherwise pose a detriment to the rural consumers of the incumbents. Thus, the incumbent LECs would retain their unique status and special treatment as rural telephone companies under the Act consistent with the Joint Board's recommendations if the service area standard were redefined to an individual wire center basis.

51. The third and final Joint Board factor relating to the administrative ease of calculating the costs of the rural telephone companies on a less-than-study area level is likewise not an issue. There are no administrative costs to consider because any federal universal service support available to a competitive ETC in an area served by a rural telephone company would be determined based on the per-line support available to the telephone company itself. 47 C.F.R. § 54.307(a). This current funding mechanism will remain in place until at least 2006, when the FCC is expected to make changes to the funding mechanism for rural telephone companies. Moreover, redefining the service areas will not require any rural telephone company to determine their costs for purposes of universal service support on a basis other than the study area level. *Virginia Cellular*, ¶ 44.

52. Accordingly, the Commission should act to redefine the service areas of those rural telephone companies indicated on Attachment 2 to an individual wire center basis in order to foster competition and bring new telecommunications services to rural Missouri. Consistent with the factors articulated by the FCC based on the Joint Board's recommendations, the Commission should order the redefinition of the service areas of the rural telephone companies identified in Attachment 2 to the wire center boundaries.

B. Redefinition is Necessary to Promote Competition and Advance Universal Service

53. The redefinition of the service areas is also necessary for the promotion of competition and the advancement of universal service. The five rural telephone companies are certificated to provide service in 256 wire centers throughout Missouri. At present, Western Wireless provides the FCC's supported services to 85% or more of the population in 24 of those wire centers. Unless the service areas are redefined, Western Wireless is precluded from being designated as an ETC in *any* of the 24 wire centers because Western Wireless cannot serve throughout the entire study areas. When, as here, the study area of a rural telephone company within the State is noncontiguous, it is practically impossible for Western Wireless or any other facilities-based carrier to compete. This is not an issue of cream-skimming. It is simply the result of the practical limits of Western Wireless' authorized service boundaries.

54. The redefinition of the service area from the study area to the individual wire center level is necessary to promote competition and advance universal service. Redefinition is in the public interest because it will enable Western Wireless, and other competitors, to bring new services and new technologies to customers of Missouri's rural telephone companies, who now have no choice of universal service providers. Unless the Commission establishes a different definition of the service area for the five companies in this proceeding, those study areas will pose an impenetrable barrier to entry not only for Western Wireless, but also any other competitive carrier, especially cellular providers, seeking ETC status. Because competitor and incumbent service territories are geographically different, it would be nearly impossible for any other competitive carrier to compete.

55. These large and non-contiguous study areas create a disincentive to competition. The WUTC appropriately recognized this type of barrier to entry when it successfully petitioned

the FCC to redefine the study areas of rural LECs in its State. The WUTC noted: "The designation of the service area impacts the ease with which competition will come to rural areas The wider the service area defined by the state commission, the more daunting the task facing a potential competitor seeking to enter the market."¹¹ The WUTC concluded that smaller service areas for the designation of ETCs in rural areas will promote competition and speed deregulation. *Id.* at 9.

56. The FCC has previously determined that redefinition of the service areas from the to the individual wire center facilitates local competition by enabling new providers to serve relatively small areas. *FCC Decision on Washington Disaggregation*, ¶ 8. The FCC noted: "We find that our concurrence with rural LEC petitioners' request for designation of their individual exchanges as service areas is warranted in order to promote competition." *Id.* The FCC concluded that Washington's "effort to facilitate local competition justifies [the FCC's] concurrence with the proposed service area designation." *Id.*

57. The redefinition of service area from the study area to individual wire centers will foster competition in Missouri. Redefinition will enable Western Wireless and other carriers to offer competitive universal services to the customers of these rural telephone companies. This fostering of competition comports with the goals of the Act and the FCC's directives. Accordingly, this Commission should order that the service areas for the rural telephone companies listed on Attachment 2 from the study area to an individual wire center basis for ETC designation purposes.

¹¹ *Petition for Agreement With Designation of Rural Company Eligible Telecommunications Carrier Service Areas at the Exchange Level and for Approval of the Use of Disaggregation of Study Areas for the Purpose of Distributing Portable Federal Universal Service Support*, Washington Util. & Transp. Comm'n, Docket No. 970380, ¶ 3 (Aug. 24 1998).

IV. CONCLUSION

58. The Act establishes clear, consistent and competitively fair mechanisms for allowing carriers, including a CMRS provider, to be designated as an ETC for the purpose of federal universal service support. Western Wireless provides the supported services, satisfies all applicable requirements, and can and will meet the obligations of an ETC. For rural customers, Western Wireless' designation as an additional ETC will bring new technology, lower rates, and better service, and so is clearly in the public interest.

59. Western Wireless respectfully requests that the Commission follow the directives and principles of the Act and to grant its Application by issuing an order designating Western Wireless as an ETC in the study areas of the rural telephone company and non-rural wire centers listed on Attachment 1 pursuant to 47 U.S.C. § 214(e). Western Wireless further requests an order conditionally designating Western Wireless as an ETC in the wire centers of the rural telephone companies set forth in Attachment 2 subject to the Commission redefining the service areas from the study area to the wire center level for the rural telephone companies identified, consistent with the purposes of 47 C.F.R. § 54.207.

Respectfully submitted,

Dated: April 13, 2004

/s/Mary Ann Young

Mary Ann (Garr) Young MO Bar #27951

WILLIAM D. STEINMEIER, P.C.

P. O. Box 104594

Jefferson City MO 65110-4595

Telephone: (573) 634-8109

Facsimile: (573) 634-8224

Email: myoung0654@aol.com

Mark J. Ayotte (MN #166315)
Kevin M. Decker (MN #0314341)
Briggs and Morgan P.A.
2200 First National Bank Building
Saint Paul, MN 55101
Telephone: (651) 808-6561
Facsimile: (651) 808-6454
Email: mayotte@briggs.com

ATTORNEYS FOR WWC LICENSE, LLC
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CERTIFICATE OF SERVICE

I hereby certify that a copy of this document has been served electronically, hand delivered or mailed by first class mail, postage prepaid to the Office of Public Counsel and the General Counsel of the Missouri Public Service Commission on this 13th day of April 2004.

/s/Mary Ann Young_____

Mary Ann (Garr) Young

ATTACHMENT 1

**RURAL TELEPHONE COMPANY STUDY AREA FOR WHICH WESTERN
WIRELESS SEEKS ETC DESIGNATION**

<u>Company Name</u>	<u>Study Area Code</u>
K L M Telephone Co.	421900

**NON-RURAL TELEPHONE COMPANY WIRE CENTERS FOR WHICH
WESTERN WIRELESS SEEKS ETC DESIGNATION**

<u>Company Name</u>	<u>Wire Center Locality</u>	<u>Wire Center Code</u>
Southwestern Bell	Fort Scott	FTSCKS01
	Nevada	NEVDMONO

ATTACHMENT 2

**RURAL TELEPHONE COMPANY WIRE CENTERS FOR WHICH
WESTERN WIRELESS SEEKS CONDITIONAL ETC DESIGNATION SUBJECT TO
REDEFINITION OF THE SERVICE AREAS**

<u>Company Name</u>		<u>Wire Center Code</u>
ALLTEL Missouri, Inc.	Stockton	SKTNMOXA
Craw – Kan Telephone Cooperative, Inc. (Kansas)	Pleasanton	PLTNKSXA
Craw – Kan Telephone Cooperative, Inc. (Missouri)	Amoret	AMRTMOXA
	Amsterdam	AMSTMOXA
	Foster	FSTRMOXA
	Hume	HUMEMOXA
Spectra Communications Group, LLC	Bronaugh	BNGHMOXA
	Collins	CLNSMOXA
	El Dorado Springs	EDSPMOXA
	Lowry City	LWCYMOXA
	Milo	MILOMOXA
	Osceola	OSCLMOXA
	Rockville	RKVLMOXA
	Schell City	SHCYMOXA
	Walker	WLKRMOXA
Sprint/United Telephone Co. of Missouri	Appleton City	APCYMOXA
	Blairstown	BLTWMOXA
	Butler	BTLRMOXA
	Calhoun	CLHNMOXB
	Clinton	CLTNMOXA
	Coal	COALMOXA
	Deepwater	DPWRMOXA
	Montrose	MTRSMOXA
	Urich	URCHMOXA

ATTACHMENT 3

[Missouri foreign corp. authorization and registration of fictitious name filings]