

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the	)	Application No. C-3725
Application of United States	)	
Cellular Corporation,	)	
Chicago, Illinois, seeking	)	
designation as an eligible	)	GRANTED
telecommunications carrier	)	
pursuant to section	)	
214(e)(2) of the	)	
Communications Act of 1934.	)	Entered: July 3, 2007

APPEARANCES:

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**Background**

By Application filed November 21, 2006, United States Cellular Corporation, Chicago, Illinois, ("USCC" or "Company"), seeks designation as a competitive Eligible Telecommunications Carrier ("ETC") pursuant to Section 214(e)(2) of the Telecommunications Act of 1934, as amended (the "Act"), 47 U.S.C. § 214(e)(2), and Section 54.201 of the Federal Communications Commission's ("FCC") rules, 47 C.F.R. § 54.201. Notice of the Application was published in The Daily Record, Omaha, Nebraska, on November 27, 2006. A protest was timely filed by the Rural Independent Companies ("RIC" or "Protestant")<sup>1</sup> on December 20, 2006. The hearing officer entered a Planning Conference Order on January 8, 2007.

A Hearing on the Application was held on March 26, 2007, in the Commission Hearing Room, Lincoln, Nebraska, with appearances as shown above. In support of its Application, USCC presented three witnesses at the hearing in Lincoln. The Protestant presented no testimony or witnesses.

**Summary of Testimony and Evidence**

USCC is licensed by the Federal Communications Commission ("FCC") to provide cellular radiotelephone service and personal communications service, collectively called Commercial Mobile Radio Services ("CMRS"). In Nebraska, USCC is licensed throughout the majority of the state, which comprises some of the more rural portions of the state. The only areas not included in USCC's licensed area are wire centers in the panhandle region of Western Nebraska. USCC seeks ETC designation in the non-rural and rural areas identified in Exhibits G and H to the Application. Further, in three (3) rural ILEC service areas, Great Plains, Hartman Telephone and Northeast Nebraska Telephone, the Company seeks designation below the study area level and therefore also requests these rural study areas be redefined.

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<sup>1</sup> RIC is comprised of the following companies: Arlington Telephone Company, Blair Telephone Company, Cambridge Telephone Co., Clarks Telecommunications Co., Consolidated Telco, Inc., Consolidated Telcom, Inc., Consolidated Telephone Company, Eastern Nebraska Telephone Company, Great Plains Communications, Inc., Hamilton Telephone Company, Hartington Telecommunications Co., Inc., Hershey Cooperative Telephone Company, K & M Telephone Company, Nebraska Central Telephone Company, Northeast Nebraska Central Telephone Company, Rock County Telephone Company, Stanton Telephone Co., Inc., and Three River Telco. See *id.*

In her prepared testimony, Ms. Stephanie Cassioppi, Director of External Affairs for USCC, described how USCC satisfies each of the applicable federal and state prerequisites for designation as a competitive ETC throughout the Company's requested service areas in Nebraska.<sup>2</sup> She stated that USCC has been serving customers since 1983 and is now the sixth largest wireless communications provider in the country, serving residential and business customers in twenty-seven (27) states. (Cassioppi, p. 3). Ms. Cassioppi noted that USCC has previously demonstrated its ability and commitment in other states, resulting in the regulatory commissions of Iowa, Washington, Oregon, Wisconsin, Maine, Oklahoma and Kansas designating USCC as an ETC in their respective states. (Cassioppi, p. 13).

In Nebraska, USCC is relatively new, starting in the Lincoln and Omaha areas in 2003. In 2005, USCC acquired the Western Wireless network, increasing its presence in Nebraska. (Tr. pp. 44-45). Today, USCC has, what Ms. Cassioppi characterized, as a, "strong presence," with over fifteen (15) retail locations and thirty-five (35) authorized agent locations, 312 employees in Nebraska and more than 261 cell towers statewide. (Cassioppi, p. 4). Ms. Cassioppi stated that USCC is a super regional company, with the company's largest footprint or service area located in the Midwest region of the United States. Ms. Cassioppi characterized Nebraska as a perfect fit and extension of USCC's service area. (Tr. p. 43). Further, Ms. Cassioppi testified that USCC is interested in the whole state, not just the Lincoln, Omaha and highway areas. (Tr. p. 44).

USCC's verified Application and testimony state that USCC is a common carrier and provides the nine services or functionalities supported by the federal universal service support mechanisms ("Supported Services"). The Supported Services include voice-grade access to the public switched network, local usage, dual-tone, a functional equivalent to dual-tone, multi-frequency signaling, single-party service, access to emergency services, access to operator services, access to interexchange service, access to directory service, and will, upon designation, provide toll limitation for low-income consumers. The Application and testimony further state that USCC will offer and advertise the availability of, and charges for, the nine Supported Services throughout its requested ETC service areas using media of general distribution.

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<sup>2</sup> Ms. Cassioppi's pre-filed Direct Testimony, (hereafter "Cassioppi, p. \_\_\_"), was admitted as Hearing Exhibit No. 4.

Ms. Cassioppi also testified that USCC is fully compliant with the FCC's E-911 requirements for Phase I and Phase II implementation in Nebraska. USCC also provides Automatic Numbering Information ("ANI") and Automatic Location Information ("ALI") to public emergency providers capable of receiving and utilizing the data. (Cassioppi, p. 8).

Mr. Don J. Wood, a paid consultant from the firm of Wood & Wood, an economic and financial consulting firm, testified on behalf of the Company. Mr. Wood testifies routinely on issues of telecommunications, economic policy and market development issues. Mr. Wood described how USCC's designation as a competitive ETC in Nebraska will promote the public interest.<sup>3</sup> Specifically, Mr. Wood testified USCC's designation as a competitive ETC in Nebraska will have both short-term and long-term benefits. Specifically, in the short-term, Mr. Wood stated that consumers will benefit from the choice of suppliers with different technologies and a broader array of service plans allowing for consumer choice on the technology and plan most suited to meet their needs. In the longer term, competitive market forces act to make all providers, including incumbent LECs, more efficient, responsive to customers needs and encourage additional investment to improve services. (Wood, pp. 14-15; Tr. 91-92).

Mr. Wood also specifically identified two unique advantages of competitive entry into rural areas, 1) rural economic development and 2) health and safety. (Wood, p. 15). Competitive options for telecommunications services are particularly important in rural areas in order for rural areas to compete with their urban counterparts to attract investment and jobs. Mr. Wood further testified that living and working in rural areas present challenges that wireline services simply do not meet. A mobile wireless service offers broad geographic coverage and customer access wherever they are including far from roads or structures. In emergency situations, Mr. Wood testified, wireless communications can literally save lives. (Wood, p. 16; Tr. 91-93).

The Protestant filed a set of coverage maps from other wireless carriers, in what was marked Exhibit No. 11 and was used in cross-examination of the Company witnesses. The Protestant presented no witness testimony contesting USCC's

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<sup>3</sup> Mr. Wood's pre-filed Direct Testimony (hereafter "Wood, p. \_\_\_") was admitted as Hearing Exhibit No. 6.

satisfaction of the ETC designation requirements or disputing the Company's designation on public interest grounds.

### O P I N I O N   A N D   F I N D I N G S

In 1997, the FCC released its *Universal Service Report and Order* in CC Docket 96-45, FCC 97-157 (*Universal Service Order*), which implemented several sections of the Act. The FCC's *Universal Service Order* provides that only eligible telecommunications carriers designated by a state commission shall receive federal universal service support. Section 214(e) of the Act delegates to the states the ability to designate a common carrier as an ETC for a service area designated by the state commission. A service area is the geographic area established for the purpose of determining the universal service obligation and support eligibility of the carrier. The FCC also provided that "competitive neutrality" should be an added universal service principle. Section 214(e)(1) provides that an ETC Applicant shall:

[T]hroughout the service area for which such designation is received—

(A) offer the services that are supported by Federal universal service support mechanisms under section 254 . . . ; and

(B) advertise the availability of such services and the charges therefore using media of general distribution.

The FCC's supported services are found in 47 C.F.R. §54.101(a) and are as follows:

- a. voice-grade access to the public switched network;
- b. local usage;
- c. dual-tone multi-frequency signaling or its functional equivalent;
- d. single-party service or its functional equivalent;
- e. access to emergency services;
- f. access to operator services;
- g. access to interexchange services;
- h. access to directory assistance; and
- i. toll limitation for qualifying low-income consumers.

Upon review of the Application and testimony presented, the Commission finds that Applicant has the ability and has committed to provide the supported services listed in a-i,

above. We also find Applicant has provided sufficient commitments to advertise the availability of such services and charges using media of general distribution.

### **Public Interest**

Federal law also requires that before designating a competitive ETC in a rural telephone company service area, the Commission find that the designation is in the public interest. 47 U.S.C. § 214(e)(2). The FCC recently offered additional guidance on the public interest question through its decisions in *In the Matter of Federal-State Joint Board on Universal Service, Virginia Cellular, LLC, Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, CC Docket 96-45, Memorandum Opinion and Order, FCC 03-338 (rel. Jan 22, 2004) ("Virginia Cellular"); *In the Matter of Federal-State Joint Board on Universal Service, Highland Cellular, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, CC Docket 96-45, Memorandum Opinion and Order, FCC 04-37 (rel. April 12, 2004) ("Highland Cellular"); and *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. March 17, 2005) ("March 2005 Order").

To implement the foregoing federal requirements and FCC guidance, the Commission has adopted regulations governing the application process and ETC designation requirements in the State of Nebraska ("ETC designation rules") by Order issued June 28, 2005 in Application No. C-3415 and promulgated Rules and Regulations found at Neb. Admin. Code, Title 291, Ch. 5, §§ 009.01-009.02C. The Commission also promulgated regulations establishing annual reporting requirements ("ETC reporting rules"), codified at Neb. Admin. Code, Title 291, Ch. 5, §§ 009.03-009.04B. We have also commenced a proceeding to establish guidelines for the purpose of verifying that all federal high-cost support will be used for its intended purpose in compliance with 47 C.F.R. §§ 54.313 and 54.314.<sup>4</sup>

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<sup>4</sup> See *In the Matter of the Nebraska Public Service Commission, on its own Motion, Seeking to Establish Guidelines for the Purpose of Certifying the use of Federal Universal Service Support*, Application No. NUSF-25, Progression Order No. 14 (Nov. 1, 2005).

**Common Carrier**

Upon review of the Application and testimony presented, the Commission finds that USCC is a common carrier for purposes of ETC designation. The Act defines a common carrier as a person engaged as a common carrier on a for-hire basis in interstate communications utilizing either wire or radio technology.<sup>5</sup> The FCC's Rules also specifically provide that CMRS is a common carrier service.<sup>6</sup>

**Supported Services**

We find that USCC has demonstrated the ability and commitment to provide the Supported Services listed above using its own network facilities or a combination of its own facilities and the resale of another carrier's services. USCC's verified Application states the Company will make service available to consumers using its own network infrastructure, consisting of antennas, cell sites, towers, trunking, mobile switching, and interconnection facilities. Ms. Cassioppi testified that once designated as an ETC in Nebraska, the Company will participate in Lifeline as required and will provide toll-blocking capability at no charge to its Lifeline customers. (Cassioppi, p. 9). Although not a condition of ETC designation, Ms. Cassioppi also testified concerning the handset GPS technology employed by USCC and USCC's compliance with Phase I and Phase II requirements in Nebraska. (Cassioppi, p. 8; Tr. pp. 54-56).

**Advertising**

We find that USCC has provided sufficient evidence of its commitments to advertise the availability of and charges for the Supported Services using media of general distribution. Ms. Cassioppi testified that USCC currently advertises and will incorporate advertising the Supported Services, including Lifeline services, into its current advertising scheme. USCC utilizes several different media, including running print advertisements bi-weekly, television advertisements throughout the year, radio advertisements during the summer months and holidays, and direct mailing campaigns. (Cassioppi, p. 9). USCC's verified application also contained information concerning the Company's use of public exhibits and displays and

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<sup>5</sup> 47 U.S.C. § 153(10).

<sup>6</sup> 47 C.F.R. § 54.20.9(a).

the USCC website to advertise. The Company also commits to advertising the availability of Lifeline and Link-Up discounts throughout the ETC service area. In other states Lifeline and Link-Up advertising campaigns have consisted of two print advertisements per month and a radio campaign on a quarterly basis. (Cassioppi, p. 9).

### **Designated Service Areas**

We find that USCC has properly identified the service areas in which it is requesting ETC designation. USCC seeks to be designated as a competitive ETC throughout each of the non-rural and rural telephone company service areas identified in Exhibits B, G and H to its Application. For an area served by a non-rural telephone company, each wire center is deemed a separate service area. For an area served by a rural telephone company, Section 214(e)(5) of the Act and 47 C.F.R. § 54.207(b) provide that the service area is equivalent to the rural telephone company's "study area," unless and until the Commission and FCC cooperatively redefine the service area requirement to something less than the entire study area.

We find that USCC is currently licensed by the FCC to provide the Supported Services throughout the entirety of the non-rural telephone company wire centers listed in Application Exhibit G. USCC is also licensed and proposes to serve the entire study areas of all of the rural ILECs located entirely in its FCC-licensed boundaries contained in Application Exhibit H, except for three rural ILECs. (Wood, p. 22; Tr. 97).

### **Redefinition of ILEC Service Areas**

USCC is proposing to serve less than the entire study areas of three rural ILECs. The following rural ILECs have service areas that include territory that is beyond USCC's proposed ETC service area in Nebraska: Great Plains, Hartman Telephone Company and Northeast Nebraska Telephone Company. Therefore, USCC requests the Commission to redefine these rural ILECs' service areas pursuant to Section 54.207(c) of the FCC's rules so that each of the affected rural ILECs' wire centers is defined as a separate service area.

Service area redefinition is necessary in order to facilitate competitive entry and advance universal service for consumers living in areas served by those ILECs. Further, the Company submits that redefinition is necessary in this case because USCC's licensed cellular boundaries and authorized service area are not contiguous with the study area boundaries



of the three rural ILECS in which they request redefinition. (Wood, p. 19). Great Plains and Northeast Nebraska Telephone have already been redefined by this Commission and the FCC.<sup>7</sup> USCC also requests redefinition of Hartman Telephone Company study area. Once the Commission establishes redefined service areas for these rural ILECs, USCC shall file a petition requesting the FCC to concur with the state's redefinition.

In the *Federal-State Joint Board on Universal Service, Recommended Decision*, 12 FCC Rcd 87 (1996) ("*Recommended Decision*") that laid the foundation for the FCC's *First Report and Order*, the Joint Board recommended that state Commissions consider three issues when redefining a service area.

First, the Joint Board noted that breaking down ETC service areas below the study area level may create the potential for "creamskimming," which could occur if a competitor proposed to only serve the lowest-cost exchanges. In this case, USCC is restricted to providing service in those areas where it is licensed by the FCC and is required to offer service throughout its designated service area. Moreover, as of May 2002, all rural ILECs, including those listed above, were required to select among three paths adopted in the *Fourteenth Report and Order*, *Twenty-Second Order on Reconsideration*, and *Further Notice of Proposed Rulemaking*, 16 FCC Rcd 11244 (2001) (*Fourteenth Report and Order*), for the disaggregation and targeting of high-cost support below the study area level. When support is no longer averaged across an ILEC's study area, a competitor no longer has the incentive or ability to enter into ILEC service territories in an uneconomic manner. Several states which have examined requests to redefine rural ILEC service areas have concluded that where rural ILECs have disaggregated support, the possibility for creamskiimming is reduced.<sup>8</sup> Additionally, under the FCC's rules, rural ILECs that

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<sup>7</sup> See *In the Matter of the Petition of N.E. Colorado Cellular, Inc., d/b/a Viaero Wireless, Fort Morgan, Colorado, for designation as an Eligible Telecommunications Carrier under 47 U.S.C. § 214(e)(2)*, Granted, (October 18, 2005).

<sup>8</sup> See, e.g., *RCC Maine Order*, *supra*, at p. 11 (finding that the affected ILECs "have the option of disaggregating their USF support . . . thereby lessening the opportunity for a windfall for RCC should only customers in less rural areas subscribe to RCC's service."); *AT&T Washington Order*, *supra*, at p. 15 ("This Commission and the carriers in this state have taken significant action to prevent creamskiimming by a carrier that would obtain ETC designation but not serve the highest-cost portion of the service area. This Commission has required the disaggregation of federal support."); *GCC License Corp.*, Docket No. TC98-146 (S.D. PUC, Oct. 18, 2001) ("If a rural telephone company is concerned about the possibility of GCC attempting to

have not disaggregated support may do so in order to prevent uneconomic competition in low-cost areas.<sup>9</sup> We complete our creamskimming analysis below.

Second, the Joint Board noted the special status of rural carriers under the Act. *See Recommended Decision*, 12 FCC Rcd at 180. In deciding whether to designate USCC as an ETC, the Commission has weighed numerous factors and considered how the public interest is affected by an award of ETC status pursuant to 47 U.S.C. § 214(e)(2). Accordingly, the Commission's finding that USCC's ETC designation is in the public interest has taken into consideration the special status of the rural carriers for purposes of determining whether USCC's service area designation should be adopted for federal universal service funding purposes. Further, no action in this proceeding will affect or prejudice any future action the Commission or FCC may take with respect to each affected ILEC's status as a rural telephone company.

Finally, the Joint Board recommended that the FCC and state Commissions consider whether a rural ILEC would face an undue administrative burden as a result of service area redefinition.<sup>10</sup> In the instant case, USCC is proposing to redefine rural ILEC service areas solely for ETC designation purposes. Service area redefinition for ETC purposes will in no way impact the way the aforementioned rural ILECs calculate their costs, but it is solely to determine the areas in which USCC is to be designated as an ETC. Accordingly, redefinition of the service areas referenced herein, as proposed in Applicant's Petition, will not impose any additional burdens on the affected rural ILECs.

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serve only the lower cost lines contained in a high cost area, the rural telephone company should select a disaggregation option as soon as possible."); *Nextel Wisconsin Order*, Docket No. 8081-TI-101 (Wis. PSC, September 30, 2003), at p. 10 (finding that the ILECs' ability to disaggregate support renders concerns about creamskimming "largely moot."). *See also Northwest Dakota Cellular of North Dakota Limited Partnership d/b/a Verizon Wireless et al.*, Case No. PU-1226-03-597 et al. at pp. 10-12 (N.D. PSC, Feb. 25, 2004); *Easterbrooke Cellular Corp.*, *Recommended Decision*, Case No. 03-0935-T-PC at p. 55 (W.V. PSC, May 14, 2004, aff'd by Final Order on Aug. 27, 2004).

<sup>9</sup> See 47 C.F.R. §§ 54.315(b)(4), 54.315(c)(5), 54.315(d)(5).

<sup>10</sup> *Id.*

**Creamskimming Analysis**

We now address the issue of creamskimming. The FCC has addressed creamskimming in its ETC designation orders. Creamskimming refers to the practice of targeting the customers that are the least expensive to serve.<sup>11</sup> The FCC has conducted an analysis comparing the population densities of the wire centers where designation is sought with wire centers not sought.<sup>12</sup> In the *Virginia Cellular* decision, the FCC reasoned that if wire centers where ETC designation is sought have a significantly higher population density than the rest of the service area, the CETC may receive a financial benefit. In the FCC's example the ratio was approximately 8:1.

USCC submitted the following analysis. USCC seeks to serve 61 out of Great Plains' 65 wire centers. The four wire centers USCC is not proposing to serve are outside USCC's licensed service area as stated above. The average population density of the served area is 4.79 person/square mile, the average population density of the non-served areas is 2.44 persons/square mile, yielding a ratio of less than 2:1. Of the three wire centers served by Hartman Telephone Company, USCC is seeking to serve two. Once again the non-served wire center is outside USCC's FCC-licensed service area. The population density of the served area is 2.70 persons/square mile, the density of the non-served area, 1.53 persons/square mile, yielding a ratio of 1.77:1. Finally, USCC seeks to serve 20 of 21 wire centers of Northeast Nebraska Telephone Company. As with the other two, USCC is not licensed to serve the one remaining wire center. The average population density of the served area is 6.11 people/square mile, the density of the non-served wire center is 14.37 persons/square mile, making creamskimming all but impossible since the served area has a lower density. (Wood, p. 26; Tr. pp. 114-117).

USCC has demonstrated that in all three service areas where it seeks redefinition, the population density ratios are well below the 8:1 ratio used as an example by the FCC in *Virginia Cellular*. USCC is not proposing to selectively serve low-cost

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<sup>11</sup> See *In the Matter of Federal-State Joint Board on Universal Service; Western Wireless Corporation Petition for Designation as an Eligible Telecommunications Carrier for the Pine Ridge Reservation in South Dakota*, FCC 01-283, 16 FCC Rcd 18133, 18139 ¶ 15 (released Oct 5, 2001) (*Western Wireless Order*).

<sup>12</sup> March 2005 Order at 6393.

areas; rather, in each instance, USCC is proposing to serve the wire centers within its FCC-licensed service area. Moreover, as discussed *infra*, all rural ILECs have had an opportunity to disaggregate high-cost support to move support from lower-cost areas out to higher-cost areas where it is needed, and they may amend their disaggregation plans going forward to address any residual concerns.

The Intervenor argued that at least one wireless ETC and in some areas two wireless ETCs, notwithstanding the wireline ETCs, are currently serving the area in which USCC is seeking designation, making it expensive to the Federal USF and the benefits marginal at best. We note there are many benefits that will come with competition in rural areas, such as "incentives to the incumbent to implement new operating efficiencies, lower prices, and offer better service to its customers."<sup>13</sup>

### **Provision of Service to Requesting Customers**

We next consider USCC's commitment to provide service throughout its requested ETC service areas. As demonstrated by USCC's signal propagation map for 2006 (Confidential Ex. 3, containing Ex. D, Tab one), the Company is currently able to provide the Supported Services throughout a large portion of its requested service areas. Following designation, if a potential subscriber is within the Company's designated ETC service area, but outside of USCC's existing network coverage, the Company is required to follow the graduated service extension process set forth in Section 009.02A5 of the Commission ETC designation rules. Under this process, USCC will evaluate the request and determine whether service can be provided at reasonable cost. If after completing this evaluation process USCC determines that it is unable to provide service, it will report the unfulfilled service request to the Commission. Section 009.04A3 of the Commission's ETC annual reporting requirements provides that all ETCs annually report unfulfilled service requests to the Commission.

Ms. Cassioppi testified that USCC will follow the service standards and service extension procedures described in Section 2(e)(2) of Commission Order C-3415 and Section 009.2A5b of the Commission ETC designation rules. (Cassioppi, pp. 9-10). We find based on the extent of the Company's current signal coverage, and its implementation of appropriate service

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<sup>13</sup>Wyoming Order, *supra*, at 57, ¶ 22.

standards and processes, that USCC has demonstrated an ability and commitment to satisfy its obligation to provide service upon reasonable request throughout the Company's requested service areas.

### **Service Improvement Plan**

Under Section 009.02A6 of the Commission's ETC designation rules, an applicant is required to submit a five-year plan describing its proposed service improvements or upgrades and further describing how such improvements will enhance signal quality, coverage or capacity. Section 009.02A6 also requires that the applicant provide this information on a wire center-by-wire center basis and that the applicant provide an estimate of the cost, starting and completion dates and population that may benefit from the projected improvements. USCC filed its proposed service improvement plan as required as Confidential Exhibit D to the Company's Application.

Every ETC is required to use the universal service support it receives only for the "provision, maintenance, and upgrading of facilities and services for which the support is intended."<sup>14</sup> Permissible uses of federal universal service support under Section 254(e) generally include capital expenditures, operating expenses and maintenance/repair expenses associated with providing the supported services to consumers within an ETC's designated service areas. The FCC has further clarified that service quality improvements in a five-year plan do not necessarily require additional construction of network facilities.<sup>15</sup> We also recognize that any proposed use of federal universal service support must remain flexible and may change over time depending on consumer demand, fluctuation in universal service support and other factors beyond a carrier's control.<sup>16</sup>

USCC's five-year plan contains information concerning the Company's projected uses of universal service support consistent with the permissible uses of support under 47 U.S.C. § 254(e). The five-year plan details the Company's operations and projected service improvement projections in both non-rural and

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<sup>14</sup> 47 U.S.C. § 254(e).

<sup>15</sup> *March 2005 Order*, ¶ 23.

<sup>16</sup> *See, e.g., Virginia Cellular*, ¶ 16; *Highland Cellular*, ¶ 17.

rural areas of its requested service area, including capital and operating expenditures, maintenance and upgrading expenses, estimated construction schedules and estimates reflecting the population that would benefit from the proposed service improvements or upgrades. Ms. Cassioppi testified that USCC's five-year plan represents the company's best current estimate of expenditures, but that actual expenditures may vary from estimates due to the difficulty of projecting expenditures precisely over a five-year period in a dynamic industry like telecommunications. (Cassioppi, p. 10). Ms. Cassioppi further testified that the investments described in the first two years of the five-year plan are likely to be pretty close to actual expenditures. Estimates in years three through five of the plan will most likely require modification as USCC responds to changing market conditions, population shifts, new technological developments and other factors that impact USCC's operation. (Cassioppi, p. 10). Mr. Wood testified that USCC's five-year plan represents a comprehensive and detailed proposal containing detailed propagation maps of signal improvement plans and proposed new cell sites to be constructed on a wire center-by-wire center basis. (Wood, p. 8).

The Protestant pointed out under cross-examination that even after five years and millions of dollars from Federal USF, USCC's five-year plan does not reach all areas of its designated area with coverage by its network. The propagation map designated as Exhibit 19 still contains "white areas" or areas that USCC's network will not extend. The Protestant also raised the issue of how many ETCs can be designated in the same area before the value to the rural areas begins to decline. The Protestant's questions of Mr. Wood raised concerns that multiple ETCs in the same area may not be in the public interest.

In response, USCC's witness explained that the answer to the question, how many Competitive ETCs (CETCs) in one area are too many, is dependant on many variables. Companies desiring to enter a high-cost market area must first determine if the market can support them. If entry doesn't make financial or economic sense, because another CETC has the bulk of the market, USCC submits, companies will not seek ETC status in that area. If a carrier thinks that they can compete in the market and can gain customers they will presumably seek designation as an ETC. Mr. Wood characterized this as a "self-governing" mechanism. (Tr. pp. 136-140).

Mr. Wood further explained that USCC will expand coverage out from existing coverage, as will other carriers in the same area. So expansion in the area will move out from different

points as different carriers build out. (Tr. pp. 139-141). Mr. Wood maintained that competing carriers will logically seek to expand into areas where other carriers are not expanding, stating:

When you look at the map today versus the 2012 map, you see an expansion of coverage that's moving out from existing coverage. If we had a comparable map for other carriers and let's say there's another carrier that has exactly the same ETC designation areas and they have different current network, you will see their expansion moving from different points. So they will be moving logically into areas that this carrier will not be moving into immediately and vice versa. (Tr. p. 149).

Therefore, he maintains that incremental benefits to coverage area and stimulation of internal capital will occur from multiple CETCs operating in the same areas. (Tr. pp. 140-141). We are satisfied that access to universal service support will create an incentive for USCC to expand service coverage, including coverage in the rural areas. We have previously observed that a CETC will not receive any funds for serving a rural area unless it constructs infrastructure and actually serves customers who have a billing address in that rural area.<sup>17</sup>

Designating USCC as an ETC will impose an obligation that the Company does not have today; that is, to serve all customers within its designated service area upon reasonable request. Ms. Cassioppi testified to USCC's commitment to serving customers, "We [USCC] are a customer-driven company. We have a customer-driven focus, from top down, which makes us a leader." (Tr. p. 44). Ms. Cassioppi emphasized USCC's commitment to connecting rural America which was the driving motivation behind the Company seeking ETC designation in seven other states, including those surrounding Nebraska. (Tr. p. 44). Ms. Cassioppi went further to demonstrate USCC's dedication to serving customers:

"We [USCC] did submit with our application an extensive build plan showing what we'd use the approximate \$5.5 million a year in annual support. It would - we plan - and it's a plan - for over five years to build approximately 66 new cell sites across

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<sup>17</sup> *In the Matter of the Petition of N.E. Colorado Cellular, Inc., d/b/a Viaero Wireless for designation as an Eligible Telecommunications Carrier*, Application No. C-3324, *Granted*, p. 11 (Oct. 18, 2005) ("Viaero Wireless").

the state. And these - this isn't just - in fact, it doesn't include any in Omaha or Lincoln proper. And it's not following the highways. We really took a concerted effort as a staff to put these sites across the state. (Tr. p. 48).

The Commission acknowledges that granting ETC designation would give USCC an obligation to this Commission to be more responsive to requests for service throughout its designated area. Accordingly, we are satisfied that USCC appreciates it will be required to expand the availability of its service to meet service requests. We find that USCC's five-year plan satisfies the requirements of Section 009.02A6 of the Commission's ETC designation rules.

Nevertheless, the Commission wants to ensure that USCC is evaluating current data and appreciates the Commission's concern for investment in the under-served rural areas. While we acknowledge USCC's commitment to expand and build its network into rural areas by logically expanding existing coverage areas in more non-rural areas, federal universal service support should be targeted in such a manner as to provide affordable and comparable service to the consumers in the rural areas of the state. This Commission would like to see additional focus on the rural under-served areas. While we appreciate the difficulty in forecasting and predicting future investment in a dynamic field like telecommunications, we think that when USCC files its annual report required of all ETCs, more specificity concerning short-term planning can be accomplished because the carrier can now be certain of the receipt of universal service support, and it will have had more time to evaluate its plans based on up-to-date data. USCC shall file detailed and specific annual reports pursuant to Section 009.04B of the Commission's ETC reporting rules.

#### **Ability to Function During Emergencies**

Pursuant to Section 009.02A7 of the Commission's ETC designation rules, an applicant must demonstrate an ability to remain functional during emergency situations. We find USCC satisfies this requirement. As Ms. Cassioppi testified, the Company builds sites with at least four hours of battery back-up power to ensure functionality without an external power source, and is equipping its newly acquired Western Wireless sites with the same features. USCC is able to reroute traffic around damaged facilities and can manage traffic spikes resulting from emergency situations. (Cassioppi, p. 11). As further detailed in the Company's Application and testimony, USCC have portable



power generators capable of keeping cell sites up and running if the outage lasts longer than four hours. These back-up power generators are capable of keeping a cell site up and running until power is restored, system changes reroute traffic to other sites, or until a Cell Site On Wheels ("COW") is deployed. (Cassioppi, p. 11). USCC tests its back-up power generators regularly to ensure functionality. To manage temporary spikes in network usage during emergency situation, USCC is capable of rerouting traffic around damaged or out-of-service facilities by changing call routing translations or deploying COWs, as needed. In cases where a longer-term solution is required, the Company will increase capacity at its cell sites, switches and transport facilities.

Ms. Cassioppi provided testimony describing how USCC successfully responded to an emergency situation. She testified that on December 30, 2006, a winter ice storm hit western Nebraska creating multiple power outages, and resulting in USCC having over two dozen sites lose commercial power at different times. Around fifteen engineers responded to the outage with support staff on remote sites, working to deliver generators to sites with no power. USCC had few customer complaints during the aftermath of the storm, directly contributable to USCC staff working to minimize the impact of the storm on USCC's network. (Cassioppi, pp. 11-12).

We find this ability to function during emergencies will benefit consumers by ensuring the reliability of USCC's network throughout its requested ETC service areas.

### **Applicable Consumer Protection and Service Quality Standards**

We next examine USCC's commitment to service quality. The FCC has determined that a wireless ETC's compliance with the CTIA Consumer Code for Wireless Service ("Consumer Code") demonstrates a sufficient commitment to satisfy applicable consumer protection and service quality standards.<sup>18</sup> Ms. Cassioppi testified that USCC has already committed to abide by the Consumer Code for its entire wireless operations across the country, not simply those states in which it seeks ETC designation. (Cassioppi, p. 12). Ms. Cassioppi further testified that USCC has taken several steps to further protect its customers and enhance service quality. USCC automatically credits customer accounts for all dropped calls on its network. Further, customers are not required to call and report the

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<sup>18</sup> March 2005 Order, ¶ 28.

dropped call to receive the credit, USCC monitors its network for dropped calls and automatically issues the credit. (Cassioppi, p. 13).

She further testified that the Company also offers its customers the ability to change rate plans at any time without extending their current service contracts. Also, USCC allows customers to revoke their service contract within thirty days after initiation if the customer is not satisfied. (Cassioppi, p. 13).

Accordingly, based on the testimony presented, we find that USCC has satisfied the requirement to demonstrate it will comply with applicable consumer protection and service quality standards. If USCC's service quality is inadequate, customers will drop the service, and the Company will not receive universal service support for those customers, which gives USCC an incentive to provide quality service. We also believe that the annual reporting requirements contained in the ETC annual reporting rules provide the Commission with sufficient information to evaluate the Company's service quality in the future.

#### **Local Usage Service Offering**

We must also determine whether USCC will offer a local usage service offering that is comparable to those offered by the incumbent LECs. Ms. Cassioppi and Mr. Wood both testified that all of USCC's service offerings will include the nine Supported Services. (Cassioppi, pp. 7-9; Wood, p. 7). To that extent, the Company's service offerings are comparable with the incumbent LECs' service offerings.

USCC argues that "comparable" does not mean "identical" to the ILEC's offerings. In the *March 2005 Order*, the FCC declined to "adopt a specific usage threshold," but instead urged state commissions to conduct case-by-case analyses to determine if potential CETCs provide comparable plans to those offered by the underlying ILEC.<sup>19</sup> The FCC also rejected the argument that a wireless carrier should be denied ETC status because it failed to offer unlimited local usage.<sup>20</sup> The FCC has recognized that

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<sup>19</sup> *March 2005 Order*, ¶ 32.

<sup>20</sup> See *In the Matter of Federal-State Joint Board on Universal Service, Corr Wireless Communications, LLC, Petition for Designation as an Eligible Telecommunications Carrier in the State of Alabama*, CC Docket 96-45, Order, DA 06-286, ¶ 17 (rel. Feb. 3, 2006) ("Corr Wireless").

the term "local" may mean something different when describing wireless CETC's calling plans. Local calling areas of wireless carriers in general tend to cover larger areas than local calling areas of ILECs.<sup>21</sup>

Previously, we concluded the Commission should review an applicant's local usage plans on a case-by-case basis and consider the total package of available services and features. In this case, after review of USCC's package of available services and features, we find its currently available service offerings are comparable to the incumbent LECs. Furthermore, if consumers do not find USCC service offerings provide sufficient value, the Company will lose the customer and the corresponding universal service support. Under the federal funding mechanisms, a competitive ETC will only receive support for customers it serves.<sup>22</sup> Granting the Company's Application will therefore provide USCC with an additional incentive to provide competitive prices, features and services, all to the benefit of Nebraska consumers.<sup>23</sup> As the FCC has noted:

We also believe that the forces of competition will provide an incentive to maintain affordable rates and quality service to customers. Competitive ETCs will receive universal service support only to the extent that they acquire customers. In order to do so, it is reasonable to assume that competitive ETCs must offer a service package comparable in price and quality to the incumbent carrier.<sup>24</sup>

As detailed in USCC's verified Application, we find USCC currently offers a variety of service offerings which include such benefits as mobility and substantially larger local calling areas than the incumbent LECs. A description of USCC's current rate plans that are available in the areas for which USCC seeks ETC designation are attached as Exhibit E to its Application. These expanded local calling areas are of great benefit to rural consumers who often have to pay toll charges to reach government offices, health care providers, businesses or family outside of

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<sup>21</sup> March 2005 Order ¶ 33.

<sup>22</sup> 47 C.F.R. § 54.307.

<sup>23</sup> Viaero Wireless, p. 9, 11.

<sup>24</sup> Wyoming Order, ¶ 13.

an ILEC local calling area. The Company's family plans include unlimited "nights and weekend" calling and unlimited "mobile-to-mobile" calling between customers on the USCC network. These are optional features on USCC single line plans. USCC's service offerings also include several enhanced services at no additional charge, including voice-mail, caller-ID, 3-way calling, call-forward, call-waiting, etc.

USCC argued that USCC provides rate plans that have substantial local calling areas with corresponding levels of included local usage, thereby providing outstanding consumer value. When considered with the enhanced service features that come standard with USCC's service offerings, as well as considering the difference in the size of the local calling areas, USCC argues its services are very competitive. Accordingly, we find that USCC's Application describing its currently available service offerings satisfy the requirements of Section 009.02A9 of the Commission's ETC designation rules.

### **Equal Access**

Under 47 C.F.R. § 54.101(a)(7) an ETC must provide access to interexchange service. There is no federal requirement for an ETC to provide equal access to interexchange service, however. USCC has acknowledged that as a designated ETC the FCC may require it to provide equal access to long distance carriers in the event that no other ETC is providing equal access within the Company's designated service areas. (Cassioppi, p. 13; Wood, p. 13). We find USCC's acknowledgment satisfies the requirements of Section 009.02A10 of the Commission's ETC designation rules.

### **Public Interest**

In addition to the information discussed above, Section 009.02B of the Commission's ETC designation rules requires that we consider (1) the benefits of increased consumer choice and (2) the unique advantages and disadvantages of the Applicant's service offerings to determine whether designating USCC as a competitive ETC would serve the public interest.

### **Consumer Choice**

Mr. Wood testified that designation of USCC as a competitive ETC will benefit consumers by promoting choice of suppliers that present different technologies, and allow consumers to choose the technology that is best suited to their needs. It further allows consumer choice on a broader array of

service and pricing plans. It will also create competitive market forces that will make all providers, including ILECs, more efficient and responsive to customer needs. (Wood, p. 14). In general, the benefits of competitive entry include lower prices, new service offerings, the availability of different technology, and the ability of diversify among suppliers. The benefits also include economic benefits for rural areas of technological advances and long-term economic development. (Wood, p. 15). Mr. Wood further testified at the hearing concerning his findings while working on rural economic development:

What I keep finding consistently is especially in these areas where they're beginning to transition some from farming to other economic basis, that the kind of solid quality wireless coverage in an area is something that companies look at when they're looking at expansion and relocation. And I keep getting it, - as I work with different chamber of commerce in these areas, I keep getting that over and over from the companies that are looking to come in and build. There is a baseline of coverage that they insist on before they come in. (Tr. p. 93).

We have previously determined that there are many benefits that will come with competition in rural areas, among them the incentive for the incumbent to implement new operating efficiencies, lower prices, and offer better service to its customers.<sup>25</sup> Mr. Wood confirmed this cause and effect relationship based on his own experience working in the telecommunications industry. (Wood, p. 15).

As an ETC, USCC will be able to use low-income, federal universal service support to offer service to subscribers who are eligible for Lifeline and Link-Up assistance. We consider wireless service a significant service option for Lifeline consumers. USCC's mobile service offerings include much larger local calling areas, which could substantially benefit low-income consumers who may otherwise be required to pay long distance service charges to reach family, employers and social service or medical providers.

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<sup>25</sup> *Viaero Wireless*, pp. 11-12; *Wyoming Order*, ¶¶ 17, 22.

**Advantages and Disadvantages of USCC's Service Offerings**

We next consider the unique advantages and disadvantages related to USCC's service offerings. As a threshold, USCC's service offerings will offer consumers the intrinsic benefits of mobility. (Wood, p. 17). On that benefit, the FCC has noted:

[T]he mobility of telecommunications assists consumers in rural areas who often must drive significant distances to places of employment, stores, schools, and other critical community locations. In addition, the availability of a wireless universal service offering provides access to emergency services that can mitigate the unique risks of geographic isolation associated with living in rural communities.<sup>26</sup>

We agree. As noted by Mr. Wood in his testimony, mobility is an important part of the public interest analysis. Mr. Wood stated, "Because the service is mobile, wireless service has public health and safety benefits (benefits that wireline service can never provide) that should not be ignored. (Wood, p. 17).

While the benefit of mobility in and of itself may not be a sufficient reason to designate a carrier as an ETC, the Commission also considers USCC's service offerings, pricing plans, proposed coverage area and other network qualities in its assessment of this Application.

As previously discussed, we find that USCC offers consumers a variety of service offerings that include varying amounts of local usage; larger local calling areas; free nationwide long distance; unlimited calls to emergency services; unlimited calls to customer care; unlimited "nights and weekend" calling; unlimited "mobile-to-mobile" calling between customers on the Alltel Wireless network; an automatic credit for dropped calls; and the ability to change rate plans without penalty or extension of the contract term. We have previously determined that access to these types of services and features will benefit consumers in rural and high-cost portions of Nebraska:

Western Wireless also offers in its application additional benefits to the public interest, including increased choices, an expanded calling area and the benefits of mobility. These benefits are every bit as

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<sup>26</sup> Virginia Cellular, ¶ 29.

valuable, if not more so, to the rural customers as to the urban customer.<sup>27</sup>

In addition, we find that USCC offers enhanced services comparable to those provided in more urban areas, including voice-mail, caller-ID, 3-way calling, call-forward, call-waiting, data services, etc. (Exhibit E to Verified Application, designated as Exhibit 3). The FCC has previously found that such enhanced services tangibly benefit rural consumers.<sup>28</sup> Accordingly, we find that the unique advantages of USCC's service offerings will provide a public interest benefit.

As previously noted, the Protestant presented no affirmative evidence or testimony of any disadvantages associated with USCC's service offerings. We acknowledge that wireless service may be subject to dropped calls and limited coverage in some areas, but we are satisfied that granting USCC's Application will enable it to utilize federal universal service support to upgrade and maintain its network, expand capacity and extend coverage over time.

### **Other Issues**

Although we declined to adopt additional public interest requirements in *Rule and Regulation 165*, we will also consider whether USCC's designation as a competitive ETC in this proceeding will result in the funding of duplicative networks. Based on our review, we find that it will not. First, we note that Viaero Wireless and Alltel Wireless are currently the only wireless carriers certified as eligible to receive federal universal service support in Nebraska. We further note that while Alltel Wireless and Viaero Wireless are licensed in certain areas, that does not equate to offering service in the entire area. Both Viaero and Alltel Wireless have areas in the ETC designated areas that they currently are not able to serve. (Tr. 95-96). Additionally, Alltel Wireless, Viaero Wireless, and USCC operate different wireless technologies in different areas of the state. (Tr. 96-97). Accordingly, the services are

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<sup>27</sup> In the Matter of the Application of GCC License Corporation seeking designation as an eligible telecommunications carrier (ETC), Application C-1889, Order Granting ETC Status and Issuing Findings, ¶ 17 (Nov. 21, 2000); Viaero Wireless, pp. 9-10.

<sup>28</sup> See *In the Matter of Federal-State Joint Board on Universal Service, Advantage Cellular Systems, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the state of Tennessee*, CC Docket 96-45, Order, DA 04-3357, ¶ 20 (rel. Oct. 24, 2004).

not duplicative of each other. Further, different types of technology with different capabilities starting to branch out from different areas likely will lead to companies serving different areas, even within the same designated service areas. (Tr. 97-98). We find that efficient build out from existing facilities by different carriers would result in an even greater public benefit in those instances.

In addition, we find that the federal universal service support mechanisms will limit the duplication of funding. As Mr. Wood explained, because CETCs receive funding based on the number of subscribers they serve, it is unlikely that the designation of multiple ETCs will duplicate funding. (Tr. 99). While a particular consumer may choose to take service from both the incumbent LEC and a wireless CETC, we conclude it is unlikely the consumer would also subscribe to the service of a second or third CETC at the same time. As a result, only one CETC will likely receive universal service support for that subscriber.

The Commission is also satisfied that USCC's designation will not have a significant impact on the federal high-cost universal service fund. The FCC has determined that given the total size of the high-cost fund, the impact of any one CETC on the universal service fund is, at best, "inconclusive."<sup>29</sup> In this case, USCC estimates it would receive approximately \$5.5 million per year in high-cost universal service support. (Tr. 48). This represents less than 1% of the high-cost fund. The FCC has previously determined that a nearly 2% impact should not preclude designation of a CETC.<sup>30</sup> Moreover, federal universal service funding policies are currently being reviewed by the FCC and are not before us in this proceeding. We therefore conclude that granting USCC's Application will not cause a significant burden on the federal high-cost universal service fund.

Lastly, we consider whether designating USCC as a competitive ETC will harm consumers or the provision of universal service in Nebraska. In evaluating these issues, we have previously determined that the designation of CETC will benefit consumers and provide market incentives to improve

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<sup>29</sup> *Virginia Cellular*, ¶ 31 n. 96; *Highland Cellular*, ¶ 25 n. 73.

<sup>30</sup> *In the Matter of Federal-State Joint Board on Universal Service NPCR, Inc. d/b/a Nextel Partners Petition for Designation as an Eligible Telecommunications Carrier*, CC Docket 96-45, Order, DA 04-2667, ¶ 21 n. 59 (rel. Aug. 25, 2004).



service and operational efficiencies while not impacting the universal service support the incumbent ETC receives.<sup>31</sup>

Based on the record before the Commission, we find no reason to believe USCC's designation as a competitive ETC will harm consumers. No party submitted any evidence of consumer harm. Designating USCC will return that support collected from wireless users in Nebraska to Nebraska for the benefit of consumers in rural and high-cost areas. Thus, we find that designation of USCC as a competitive ETC in Nebraska is in the public interest.

Finally, we turn our attention to the issues raised by staff at the hearing. As a wireless carrier serving customers in Nebraska, USCC is required by State law to conduct and submit annual audits, collect and remit the Nebraska Universal Service Fund (NUSF) surcharge and Nebraska Enhanced 911 (E911) surcharge, as well as submit various other filings in connection with wireless E911 implementation. Jeff Pursley, Director of the Nebraska Telecommunications Infrastructure and Public Safety (NTIPS) Department of the Commission, charged with overseeing NUSF and E911 funds, testified regarding the concerns of the staff.

Director Pursley offered testimony concerning USCC's past failures to meet its filing and remittance obligations in Nebraska.<sup>32</sup> Director Pursley testified that the NTIPS Department has had difficulty in working with USCC. (Pursley, p. 2). Director Pursley went on to elaborate concerning different instances where USCC failed to timely file required information or did not respond to Commission inquiries in a timely fashion, resulting in extra work and time by staff members of the NTIPS Department. (Pursley, pp. 2-4). Staff raised concerns that if USCC had difficulty complying with its current reporting and filing obligations, as an ETC, USCC may have even more difficulty complying with the more extensive filing obligations of an ETC in Nebraska. (Pursley, p. 4).

In response to staff concerns, USCC offered the testimony of Steven Campbell, the Executive Vice President of Finance,

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<sup>31</sup> (*Viaero Wireless*, pp. 11-12).

<sup>32</sup> Mr. Pursley's pre-filed Direct Testimony, (hereafter "Pursley, p. \_\_\_\_"), was admitted as Hearing Exhibit No. 9.

Chief Financial Officer and Treasurer of USCC.<sup>33</sup> Mr. Campbell offered assurance that USCC takes its regulatory obligations and commitment seriously. (Campbell, p. 4; Tr. 17). Further, Mr. Campbell testified that the instances raised by staff were exceptions due to some unusual factors and that appropriate steps to rectify the earlier reporting problems had been taken. (Campbell, pp. 7-8; Tr. 19-20).

While we are troubled by the compliance issues reported by the staff, we decline to impose a heightened standard on USCC regarding regulatory filing obligations. However, we fully expect USCC to fulfill the assurances offered by its witnesses at the hearing. Further, this Commission will closely scrutinize future regulatory filings by the Applicant.

### **Federal ETC Designation**

In summary, we find USCC has demonstrated that it satisfies each of the requirements set forth in Section 214(e) of the Act and applicable State and federal regulations for designation as a CETC throughout the Company's requested service areas. However, this granting of ETC designation does not trigger qualification for NUSF support. Prior to receiving any NUSF support, USCC must apply to specifically seek designation as a Nebraska Eligible Telecommunications Carrier ("NETC").

### **High-Cost Certification**

As previously noted, USCC is obligated under Section 254(e) of the Act to use high cost support "only for the provision, maintenance, and upgrading of facilities and services for which support is intended" and is required to annually certify that it is in compliance with this requirement. USCC has certified to the Commission that all federal high cost support it receives during 2007 will be used consistent with the requirements of Section 254(e) of the Act. Accordingly, pursuant to 47 C.F.R. §§ 54.313 and 54.314, we hereby certify USCC's use of federal universal service support from the date of this Order through December 31, 2007. USCC shall file a copy of this Order with the Universal Service Administrative Company ("USAC") and the FCC to ensure that the Company begins receiving support effective as of the date of this Order.

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<sup>33</sup> Mr. Campbell's pre-filed Direct Testimony, (hereafter "Campbell, p. \_\_\_\_"), was admitted as Hearing Exhibit No. 8.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the application of United States Cellular Corporation, should be and it is hereby granted and United States Cellular Corporation is designated as an competitive eligible telecommunications carrier in the state of Nebraska for the purpose of receiving federal universal service support as requested in the Application consistent with the findings and conclusions made herein.

IT IS FURTHER ORDERED that United States Cellular Corporation will need to receive a Nebraska Eligible Telecommunications Carrier ("NETC") designation in order to be eligible for Nebraska Universal Service Fund ("NUSF") support.

IT IS FURTHER ORDERED that United States Cellular Corporation shall file its annual report required by Section 009.04 of the Commission's ETC reporting rules (Neb. Admin Code, Title 291, Ch. 5, § 009.04) as provided above on or before October 1, 2007.

IT IS FURTHER ORDERED that United States Cellular Corporation shall file a copy of this Order with the Universal Service Administrative Company ("USAC") and the FCC to commence its receipt of federal universal service support effective as of the date of this Order.

MADE AND ENTERED at Lincoln, Nebraska, this 3rd day of July, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director