

**Diamond Williams**100386-TP

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**Cc:** Bob Casey; Curtis Williams; Adam Teitzman; Pauline Evans  
**Subject:** Docket No. 100386-TP - Reply Comments of Verizon Wireless  
**Attachments:** Reply Comments 1-20-11.pdf

Electronic Filing

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- b. Docket No. 100386-TP – Petition of Cellco Partnership and its Subsidiaries and Affiliates to Amend Eligible Telecommunications Carrier Designation in the State of Florida.
- c. Document being filed on behalf of Cellco Partnership d/b/a Verizon Wireless.
- d. There are a total of 30 pages.
- e. The document attached for electronic filing is Reply Comments of Verizon Wireless.

(See attached file: Reply Comments 1-20-11.pdf)

Thank you for your assistance in this matter.

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00452-11    1/20/11  
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1/20/2011

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

IN RE:	)	
	)	
PETITION OF CELLCO PARTNERSHIP	)	Docket No. 100386-TP
AND ITS SUBSIDIARIES AND	)	
AFFILIATES TO AMEND ETC	)	Filed: 1-20-11
DESIGNATION IN THE STATE OF	)	
FLORIDA	)	

**REPLY COMMENTS OF VERIZON WIRELESS**

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## INTRODUCTION

Cellco Partnership d/b/a Verizon Wireless, on behalf of itself and its subsidiaries and affiliates offering commercial mobile radio services ("CMRS") in the State of Florida (collectively, "Verizon Wireless" or "Company"), hereby submits these comments in support of its Petition to Amend ETC Designation in the State of Florida ("Petition") and in reply to the comments filed by T-Mobile South, LLC ("T-Mobile").

At their core, T-Mobile's comments improperly seek to collaterally attack the Federal Communications Commission's ("FCC") federal universal service funding decisions in this proceeding. As the Commission is aware, beginning in February 2009, distributions of federal high-cost universal service fund support ("USF") to Verizon Wireless will be phased-down in 20% increments over a period of five years.<sup>1</sup> In implementing this phase-down requirement, the FCC determined that the USF support withheld from Verizon Wireless will be reserved for future federal universal service purposes and not redistributed to other competitive ETCs within a given state — a decision that is consistent with the Reply Comments filed by the Florida Public Service Commission ("Commission") with the FCC last October.<sup>2</sup> Dissatisfied with the FCC's decision, T-Mobile is now seeking another forum to try to obtain a different result.

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<sup>1</sup> See Petition, Ex. C, p. 2 (Aug. 26, 2010).

<sup>2</sup> *In the Matter of High-Cost Universal Service Support; Federal-State Joint Board on Universal Service; Request for Review by Corr Wireless Communications, LLC, of Decision of Universal Service Administrator*, CC Docket No. 96-45, WC Docket No. 05-337, Order and Notice of Proposed Rulemaking, 25 FCC Rcd. 12854, ¶ 20 (Sept. 3, 2010) ("*Corr Wireless Order*"). This Commission has filed comments with the FCC supporting its decision to prevent redistribution of reclaimed high-cost support from carriers that relinquish their ETC status to other competitive ETCs. Like Verizon Wireless, the Commission advocated for a commensurate reduction in the contribution factor unless and until the FCC adopts rules establishing new broadband funds such as the Connect America Fund or the Mobility Fund. See Reply Comments of the Florida Public Service Commission, CC Docket No. 96-45, WC Docket No. 05-337, p. 5 (filed Oct. 21, 2010).

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Likewise, T-Mobile is unhappy with the FCC's 2008 decision to establish an interim cap on the amount of support available to competitive ETCs in each state (the "Interim Cap").<sup>3</sup> But the Interim Cap has been the law since 2008,<sup>4</sup> and nothing the FCC decided with respect to the phase-down of Verizon Wireless' USF support affects the Interim Cap. At the time the FCC adopted the Interim Cap, the FCC fully appreciated that the "state-based cap will require newly-designated competitive ETCs to share funding with other competitive ETCs within the state" and that "even if imposition of the interim cap results in no support for some competitive ETCs, this result is not inconsistent with the [Communications Act of 1934, as amended (the "Act")]."<sup>5</sup> In other words, the FCC has already evaluated the public interest in imposing the Interim Cap and determined that the potential effect on other competitive ETCs is not an appropriate basis to deny the receipt of USF by a competitive carrier. Indeed, the Commission's recent designation of T-Mobile as a competitive ETC in Florida has had a dramatic effect on the amount of support received by other competitive ETCs under the Interim Cap, yet this impact did not preclude the Commission from designating T-Mobile.<sup>6</sup>

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<sup>3</sup> *In the Matter of High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Order, 23 FCC Rcd 8834 (May 1, 2008) ("*Interim Cap Order*"). The *Interim Cap Order* was upheld by the U.S. Court of Appeals for the D.C. Circuit. *Rural Cellular Ass'n v. FCC*, 588 F.3d 1095 (D.C. Cir. 2009).

<sup>4</sup> In Florida, the Interim Cap for competitive ETCs was recently increased from \$1,284,028 per month to \$1,295,486 per month for all support mechanisms. See [http://www.usac.org/\\_res/documents/hc/pdf/2010-reminders/InterimCapAdjustmentLetter.pdf](http://www.usac.org/_res/documents/hc/pdf/2010-reminders/InterimCapAdjustmentLetter.pdf); [http://www.usac.org/\\_res/documents/hc/pdf/2010-reminders/Adjusted-CETC-Cap-March-2008-Baseline.pdf](http://www.usac.org/_res/documents/hc/pdf/2010-reminders/Adjusted-CETC-Cap-March-2008-Baseline.pdf). Pursuant to a recent FCC decision, the Interim Cap in Florida will be reduced effective December 31, 2010, due to the relinquishment of Sprint Nextel's competitive ETC designation. See *In the Matter of High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Order, -- FCC Rcd. ---, FCC 10-205, ¶¶ 6-7 (Dec. 30, 2010) ("*Interim Cap Adjustment Order*"). USAC has not yet published the specific amount the Interim Cap will be reduced in Florida due to the Sprint Nextel relinquishment.

<sup>5</sup> *Interim Cap Order*, ¶¶ 26 and 29.

<sup>6</sup> *In re: Petition for designation as eligible telecommunications carrier (ETC) by T-Mobile South LLC*, Docket No. 090507-TP, Order No. PSC-10-0475-PAA-TP (July 28, 2010) ("*T-Mobile Non-Rural Order*"); *In re: Petition for designation as eligible telecommunications carrier (ETC) by T-Mobile South*

Moreover, T-Mobile's claims of financial harm are factually inaccurate. While Verizon Wireless' reporting of its subscriber lines in Florida to the Universal Service Administrative Company ("USAC") for universal service purposes can influence the amount of support received by other competitive ETCs, it does not have the singular impact T-Mobile claims because the Company is only eligible to receive Interstate Access Support ("IAS").<sup>7</sup> Because IAS support is separately capped at the national level, the reduction in the amount of IAS available to competitive ETCs is the same in every state and is not significantly influenced by any single carrier's reporting of lines in a single state. But even if T-Mobile believed that the USF support available would be insufficient to satisfy its ETC obligations, the FCC has already provided an alternative means of obtaining any relief believed to be necessary — *i.e.*, T-Mobile can seek exemption from the Interim Cap by submitting its own costs for direct reimbursement under the federal USF support mechanisms.<sup>8</sup>

Finally, the Verizon Wireless-Alltel merger has brought about significant investment, network upgrades and the deployment of new technology in Florida. T-Mobile's claims of harm to itself or Florida consumers are thus entirely inaccurate. The Commission should therefore ignore T-Mobile's disingenuous arguments and grant the Petition without delay.

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LLC, Docket No. 090510-TP, Order No. PSC-10-0478-PAA-TP (July 29, 2010) ("*T-Mobile Rural Order*").

<sup>7</sup> *See id.*

<sup>8</sup> *Interim Cap Order*, ¶ 31.

## DISCUSSION

In sum, T-Mobile's comments claim that the amendment of Alltel Communications, LLC's prior ETC order for purposes of identifying Verizon Wireless as the ETC serving the designated service area (the "Designated Area") will negatively impact T-Mobile by potentially reducing the amount of USF support it receives in Florida. To support this argument, T-Mobile mischaracterizes Verizon Wireless' Petition in this proceeding, incorrectly challenges the Company's compliance with the federal line count reporting rules and collaterally attacks the FCC's USF funding decisions. For the reasons set forth below, the Commission should reject each of T-Mobile's faulty arguments.

### **I. THE PURPOSE OF THE PETITION IS TO AMEND THE PRIOR ETC DESIGNATION TO IDENTIFY VERIZON WIRELESS AS THE ETC SERVING THE DESIGNATED AREA**

Underlying T-Mobile's comments is the false representation that Verizon Wireless' Petition is a deceptive device designed to transfer the ETC designation previously granted to Alltel. The Petition does not seek any such result. Rather, it serves a much simpler purpose. The Petition requests that the prior ETC designation be amended to reflect that it is now Verizon Wireless – *i.e.*, the fully integrated Verizon Wireless operations in Florida – that is responsible for serving the Designated Area as an ETC. Some background information is necessary to place Verizon Wireless' request in the proper context.

#### **A. Alltel Has Been Fully Integrated With the Verizon Wireless Operations in Florida**

As explained in the Certification of Linda Stevens ("Certification") submitted as Exhibit C to the Petition, the Verizon Wireless-Alltel merger closed January 9, 2009. The

transaction was approved by the FCC subject to certain conditions and expectations.<sup>9</sup> For example, as a condition for approval of the merger, Verizon Wireless was required to divest subscribers and assets in certain cellular market areas across the country. In Florida, Verizon Wireless was not required to divest any former Alltel subscribers or assets. Rather, all of the Alltel and Verizon Wireless subscribers and assets were consolidated into a single operation.

One of the expectations of the FCC and of Verizon Wireless in considering the merger was that Verizon Wireless would “expeditiously integrate” the companies’ networks and business operations.<sup>10</sup> Indeed, the purpose and effect of the merger was to integrate the Alltel and Verizon Wireless operations and to provide all subscribers “Verizon Wireless” service. The FCC contemplated that certain public interest benefits, especially for rural consumers, would result from the merger.<sup>11</sup> This expectation has been borne out with significant upgrades to the former Alltel network facilities and operations in Florida as further discussed below.

Shortly after the transaction closed, Verizon Wireless began the complex task of integrating the network facilities, billing systems and customer service operations into a consolidated and unified business operation. Very early in the integration process, Verizon Wireless provided notice of the mergers to former Alltel subscribers and offered each subscriber an opportunity to switch to a current Verizon Wireless service offering, including the opportunity to acquire a new handset at the same price as any new subscriber and to make the change without

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<sup>9</sup>*Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and de Facto Transfer of Leasing Arrangements*, WT Docket No. 08-95, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444 (2008) (“*Cellco-Alltel Order*”).

<sup>10</sup> *Cellco-Alltel Order* at ¶¶ 124-125.

<sup>11</sup> *See, e.g., Cellco-Alltel Order* at ¶¶ 115, 156 (the transaction is likely to result in public interest benefits), ¶¶ 122-127 (potential for increased wireless footprint and network coverage), ¶¶ 128-135 (potential for expanded and improved services and features, particularly in rural areas), ¶ 136 (potential for expanded roll-out of broadband and next generation services), ¶¶ 137-146 (potential for improvements in service quality), ¶¶ 147-154 (potential for efficiencies and economies of scale and scope), ¶ 155 (potential for strengthened competition).

payment of any fees that may otherwise have been required under their Alltel terms of service. As a result, a large percentage of the former Alltel subscribers changed their terms of service and were thereby integrated with Verizon Wireless months before the customers that remained on grandfathered Alltel rate plans were migrated into the Verizon Wireless billing system and customer service operations.

Much of the remaining business integration work was completed by July 2009, at which point the majority of subscribers formerly served by Alltel had been fully integrated into the collective Verizon Wireless operations. As a result of this integration process, it is no longer feasible to separately identify all of the former Alltel subscribers or segregate all of those customers from other Verizon Wireless subscribers.

**B. As a Result of the Integration of the Alltel and Verizon Wireless Operations in Florida, all Verizon Wireless Subscribers Within the Designated Area are Lines Served by the Consolidated Operations for Universal Service Purposes**

Consistent with the FCC's directive to quickly integrate the Alltel networks and subscribers with the Verizon Wireless operations, those consolidated operations now serve all of the Company's subscribers within the Designated Area. The Company holds itself out to the public and does business as Verizon Wireless. Consumers therefore recognize and identify Verizon Wireless as a single, consolidated service provider. When agreeing to purchase service, the subscriber enters into a Customer Agreement with "Verizon Wireless." All Verizon Wireless subscribers within the Designated Area are served by the same integrated network, business systems and practices, including billing, customer service and technical support. All of Verizon Wireless' service offerings are available throughout the Designated Area. As a result, Verizon Wireless is obligated to administer the universal service program, benefits and requirements in such a way that all subscribers, or prospective subscribers, served by the consolidated Verizon Wireless operations within the Designated Area are identified as universal service subscribers.



This result has two practical impacts. First, Verizon Wireless must comply with the applicable ETC service requirements and obligations in Florida for all subscribers within the Designated Area. This includes such examples as offering Lifeline and Link Up assistance and responding to requests for service from any Verizon Wireless subscriber, or potential subscriber, throughout the Designated Area. And, second, the Company is authorized to report for universal service purposes each subscriber line it serves within the Designated Area pursuant to the FCC's universal service funding rules, specifically including 47 C.F.R. §§ 54.307 and 54.802.

Because the ETC designation and Designated Area were unaffected by the Verizon Wireless-Alltel merger, Verizon Wireless is required and continues to serve the Designated Area as a competitive ETC. Indeed, in approving the merger of Verizon Wireless and Rural Cellular Corporation ("RCC") just prior to the Verizon Wireless-Alltel merger, the FCC recognized that Verizon Wireless would remain obligated to provide service as a competitive ETC in each area RCC had previously been designated:

We find that the proposed transaction will not affect the ETC obligations of the companies at issue; the ETC obligations in effect prior to the proposed transaction will remain in effect upon consummation of the proposed transaction. Accordingly, we need not address herein Joint Petitioners' request that Verizon Wireless, upon consummation of the proposed transaction, be required to continue to provide service as a CETC at the same rates and under the same terms and conditions as currently offered by RCC/Unicel.<sup>12</sup>

An ETC is obligated to offer and advertise the universal service "supported services," including Lifeline and Line Link Up assistance, and to provide service upon reasonable request to any consumer residing within the "service area" for which it has been designated.<sup>13</sup> The ETC requirements are not limited to the carrier's network, corporate organization or subscribers that

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<sup>12</sup> *Applications of Cellco Partnership d/b/a Verizon Wireless and Rural Cellular Corporation for Consent To Transfer Control of Licenses, Authorizations, and Spectrum Manager Leases*, WT Docket No. 07-208, *Memorandum Opinion and Order and Declaratory Ruling*, 23 FCC Rcd 12463, ¶ 125 (2008) (emphasis added).

<sup>13</sup> *See, e.g.*, 47 U.S.C. § 214(e).

existed as of a certain point in time. Rather, the ETC obligations apply throughout the designated “service area” and apply regardless of whether the network serving the service area was originally constructed by the ETC, a carrier it acquires or a carrier that acquires it.

Similarly, the designated “service area” also “defines the overall area for which the carrier shall receive support from federal universal service support mechanisms.”<sup>14</sup> There is no legal requirement that an ETC only receive support for subscribers who originally received service from one or another of its integrated subsidiaries. To the contrary, an ETC is eligible to receive USF support for “each line it serves” in the designated service area. To that end, the FCC’s universal service funding rules provide as follows:

A competitive eligible telecommunications carrier serving loops in the service area of a rural incumbent local exchange carrier, as that term is defined in Sec. 54.5 of this chapter, shall receive support for each line it serves in a particular service area based on the support the incumbent LEC would receive for each such line, disaggregated by cost zone if disaggregation zones have been established within the service area pursuant to Sec. 54.315 of this subpart. A competitive eligible telecommunications carrier serving loops in the service area of a non-rural incumbent local exchange carrier shall receive support for each line it serves in a particular wire center based on the support the incumbent LEC would receive for each such line. A competitive eligible telecommunications carrier serving loops in the service area of a rate-of-return carrier shall be eligible to receive Interstate Common Line Support for each line it serves in the service area in accordance with the formula in Sec. 54.901.

\* \* \*

Each Eligible Telecommunications Carrier that is providing service within an area served by a price cap local exchange carrier shall submit to the Administrator, on a quarterly basis ... the number of lines it serves for the period ending three months prior to the reporting date, within each price cap local exchange carrier study area disaggregated by UNE Zone if UNE Zones have been established within that study area, showing residential/single-line business and multi-line business line counts separately. [...]<sup>15</sup>

Thus, because the integrated Verizon Wireless operations are responsible for satisfying the ETC obligations throughout the Designated Area, the Company is also authorized to report

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<sup>14</sup> 47 C.F.R. § 54.207(a).

<sup>15</sup> 47 C.F.R. §§ 54.307(a) and 54.802(a) (emphasis added).

all of the subscriber lines served by the Verizon Wireless operations throughout the Designated Area for universal service support purposes.

In the course of the integration process, FCC staff counsel also provided Verizon Wireless guidance consistent with the above requirements. Recognizing that the purpose of the mergers was to fully integrate the Alltel business operations with the Verizon Wireless operations, FCC staff counsel advised Verizon Wireless that it should treat all of its subscribers within the Company's designated ETC service areas as universal service subscribers, both for purposes of complying with the ETC service obligations, as well as for purposes of reporting the subscriber lines under 47 C.F.R. §§ 54.307 and 54.802.<sup>16</sup> Consistent with the FCC's universal service rules and FCC staff counsel guidance, Verizon Wireless therefore implemented practices and procedures to serve all of its subscribers within the Company's designated ETC service areas as universal service customers. And, starting with line count filings in December 2009, it has been reporting to USAC "all lines under common ownership or control in the RCC and Alltel designated areas....consistent with guidance from FCC staff."<sup>17</sup>

Verizon Wireless is aware that certain parties have objected to the Company's reporting of its consolidated subscriber lines in an effort to undermine the FCC's *Corr Wireless Order*.<sup>18</sup> These parties have also appealed for FCC review of USAC's funding determinations.<sup>19</sup> While

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<sup>16</sup> FCC staff counsel's guidance was relevant not only for areas where States had designated Verizon Wireless affiliates and subsidiaries as ETCs, but also for areas such as Alabama, North Carolina and Virginia where the FCC had itself designated Verizon Wireless affiliates and subsidiaries as ETCs. FCC staff counsel's guidance was especially relevant for Florida, as it was the FCC that originally designated Verizon Wireless in Florida.

<sup>17</sup> Letter from Tamara Preiss to Karen Majcher, Vice President - High Cost and Low Income Programs, Universal Service Administrative Company (September 30, 2009). **Attachment A**.

<sup>18</sup> See T-Mobile Comments at 11.

<sup>19</sup> See, e.g., *In the Matter of High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Letter from David A. LaFuria to Marlene H. Dortch (filed Dec. 3, 2010).

Verizon Wireless disagrees with the objecting parties' legal position, the Company agrees that to the extent any such review is to occur it must be done at the federal level. Any interpretation of the FCC's rules as it relates to the reporting of subscriber lines for universal service purposes is a federal question that must ultimately be resolved by the FCC, particularly in light of the objecting parties' motivation in seeking to collaterally challenge the FCC's *Corr Wireless Order*.

**C. The FCC and Arkansas Public Utility Commission Summarily Approved Verizon Wireless' Requested Amendments of Their Prior ETC Designation Orders**

In keeping with the FCC's universal service rules and FCC staff counsel guidance, Verizon Wireless also recognized that certain administrative steps should be taken following integration of the Alltel operations to ensure that the Company's ETC obligations are clearly reflected in the prior orders and actions of both the FCC and the state regulatory commissions that initially granted ETC designation. With respect to the ETC designations granted by the FCC for states in which the public utility commission does not currently have jurisdiction to designate a wireless carrier as an ETC (Alabama, North Carolina, and Virginia), Verizon Wireless filed requests for *pro forma* amendment and consolidation of its ETC designations. Reaffirming the earlier FCC staff counsel guidance, the requested *pro forma* amendments were summarily granted on May 28, 2010.<sup>20</sup>

Verizon Wireless has also filed requests for *pro forma* amendment and consolidation of ETC designations in several states, including its Petition in this proceeding. Like the FCC petitions, the Arkansas Public Service Commission summarily granted the *pro forma* amendment

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<sup>20</sup> *In the Matter of Federal-State Board on Universal Service, Cellco Partnership d/b/a Verizon Wireless, Petitions for Pro Forma Amendment of Eligible Telecommunications Carrier Designations in the Commonwealth of Virginia and the States of Alabama and North Carolina*, WC Docket 09-197, CC Docket 96-45, *Order*, DA 10-992 (rel. May 28, 2010) ("*Pro Forma Order*") (Petition, Ex. A).

recognizing that “the Alltel and Verizon Wireless networks, business operations, and subscriber bases have been fully integrated as contemplated and approved by the FCC.”<sup>21</sup>

**D. Approval of the Petition Will Have No Significant Legal Effect, But Will Have a Pragmatic Effect**

With this background, it should be apparent that Verizon Wireless’ Petition should not be considered a request for a new ETC designation, a request to expand an ETC designation, or a request to transfer an ETC designation. Rather, the Petition seeks nothing more than a *pro forma* amendment of the prior Alltel designation in the same manner as the requests approved by the FCC and Arkansas Public Service Commission. Verizon Wireless, as an integrated whole, including the now-indivisible aspects of the Alltel and Verizon Wireless networks and facilities, is currently providing service as an ETC throughout the Designated Area. Verizon Wireless is properly reporting to USAC all of the subscriber lines the Company collectively serves as an ETC within the Designated Area, regardless of whether the subscribers were previously served by Alltel. The Commission’s action on the Petition will not affect Verizon Wireless’ legal obligation to provide service as an ETC or its eligibility to receive USF support for all of the lines the Company serves within the Designated Area.

The essential purpose of the Petition is to make sure there is no confusion that it is Verizon Wireless, as an integrated whole, rather than Alltel, individually, that is regarded by consumers and the Commission as bearing the responsibilities for meeting the obligations of an ETC.

An example will illustrate why this administrative clarification is beneficial. Imagine next-door neighbors who live in Pensacola, one of whom was a former Alltel subscriber who

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<sup>21</sup> *In the Matter of the Application of Cellco Partnership and Its Subsidiaries and Affiliates to Amend Eligible Telecommunications Carrier Designation in the State of Arkansas*, Docket No. 10-076-U, Order No. 3 (Oct. 1, 2010). **Attachment B.**

initially received Lifeline service from Alltel, and the other of whom had received service from Verizon Wireless since 2007. If the second subscriber walked into a Verizon Wireless retail store in Pensacola to change her service to Lifeline, it would be untenable if Verizon Wireless were required to refuse her Lifeline service on the basis that she was not a former Alltel subscriber. From the consumer's perspective, the refusal of Lifeline to one neighbor, but not the other, would seem arbitrary to say the least. Moreover, if Verizon Wireless refused to provide the second subscriber Lifeline, that subscriber would foreseeably file a complaint with the Commission and demand an investigation of Verizon Wireless' – not Alltel's – compliance with its ETC obligations. Finally, as a result of the integration of the billing systems and other business operations, it would be impractical to identify which separate legal entity originally provided service to a current Verizon Wireless subscriber, particularly at the retail customer service level.

For these reasons, Verizon Wireless makes Lifeline service available to all subscribers and potential subscribers in the Designated Area. It does not matter if a subscriber was previously served by Alltel or Verizon Wireless; it does not matter whether the cell site serving the subscriber's home was previously owned or leased by Alltel or Verizon Wireless; and it does not matter whether the applicant walks into a retail store that used to be operated by Alltel or Verizon Wireless. What matters is that the subscriber is now served by the integrated Verizon Wireless operations.

The same principle applies to Verizon Wireless' provision of all of the services pursuant to the ETC designation, including extending service upon reasonable request, customer service protections, and maintaining the ability to remain functional in emergency situations. From the perspective of the Company's customers, they are all customers of Verizon Wireless served by the combined and integrated Verizon Wireless operations.

Verizon Wireless' Petition asks the Commission to simply amend the prior designation in order to recognize that Verizon Wireless is responsible for serving consumers within the Designated Area as an ETC, regardless of whether any particular consumer was previously served by Alltel, Verizon Wireless or some other carrier. This will ensure that all consumers (like the neighbors in Pensacola), as well as the Commission, can be confident that Verizon Wireless' ETC service obligations are not arbitrarily provided depending on the vagaries of the corporate entity structure established before and as a result of the mergers.

Confirming Verizon Wireless' requirement to provide service as an ETC will serve a number of public interest benefits. In addition to minimizing potential customer confusion (as with the neighbors above), granting the Petition will also ensure that Florida is positioned to receive the maximum amount of federal USF support available in the future, ensure the continued provision of Lifeline and Link Up assistance, and further strengthen competition. The public interest benefits are addressed in greater detail below. These are all practical effects of the Petition. There will be few, if any, legal effects of the Petition. It will not affect the scope of Verizon Wireless' obligation to serve as an ETC, because Verizon Wireless is already obligated to, and is, providing service as an ETC throughout the Designated Area, and it will not affect the number of lines that Verizon Wireless will report to USAC, because Verizon Wireless is properly reporting all of its customer lines in the Designated Area.

**II. THE POTENTIAL IMPACT TO RECEIPT OF USF SUPPORT BY OTHER COMPETITIVE ETCs IS NOT AN APPROPRIATE ISSUE FOR THE COMMISSION'S CONSIDERATION AS PART OF A PUBLIC INTEREST ANALYSIS**

**A. The Public Interest is Served by Verizon Wireless' Continued Service as a Competitive ETC**

When conducting initial ETC designations, the Commission has typically considered the public interest factors such as consumer choice, the advantages and disadvantages of particular

service offerings, the potential for creamskimming, and impact on the Federal universal service fund.<sup>22</sup> The Commission analyzes the public interest in designating a carrier as an ETC, regardless of whether the applicant seeks designation in an area served by a rural or non-rural carrier.<sup>23</sup>

Although Verizon Wireless' Petition does not seek a new ETC designation or transfer of a designation, Verizon Wireless identified numerous public interest benefits that exist and should be maintained as a result of Verizon Wireless' provision of service as an ETC to all of its subscribers within the Designated Area. These public interest benefits include increased consumer choice, affordability, reliability, service quality and innovative services.<sup>24</sup> The public interest benefits also include strengthening competition and increasing the likelihood that high-cost universal service support will continue to flow to Florida.<sup>25</sup> Verizon Wireless' service offerings include the unique advantage of mobility and calling areas larger than those of the ILECs.<sup>26</sup> As an ETC, Verizon Wireless can also continue to offer Lifeline throughout the Designated Area.<sup>27</sup> Verizon Wireless' Designated Area consists solely of non-rural areas, so creamskimming concerns are not present here.

T-Mobile does not question whether granting the Petition will continue to promote these public interest benefits. And T-Mobile does not challenge the advantages of Verizon Wireless' service offerings, the affordability of its rates, or the Company's service quality and reliability. Instead, notwithstanding T-Mobile's own recent ETC designation and the resulting impact on the

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<sup>22</sup> *T-Mobile Rural Order* at 4-7.

<sup>23</sup> *In re: Petition for designation as eligible telecommunications carrier (ETC) by Easy Telephone, Inc.*, Docket No. 090337-TX, PSC-10-0125-PAA-TX, (March 2, 2010), p. 4.

<sup>24</sup> Certification at 10-12.

<sup>25</sup> *Id.* at 14.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.* at 11.



support available to other competitive ETCs, T-Mobile's comments ironically complain that granting the Petition will have a "significant impact" on the availability of USF support to other competitive ETCs in Florida.<sup>28</sup>

The Commission should ignore T-Mobile's self-interested contentions. Consideration of the amount of USF received by other competitive ETCs in Florida is not appropriate in this proceeding for three reasons. First, the public interest evaluation is carrier-specific and does not contemplate the amount of USF support received by other competitive carriers. Second, the universal service funding mechanisms and rules applicable to competitive ETCs are within the province of the FCC. And, third, the concerns raised by T-Mobile in its comments are entirely speculative.

**B. The Potential Financial Impact to Other ETCs Is Not an Appropriate Issue to be Considered by the Commission**

The potential financial impact to other competitive ETCs is not an appropriate issue for the Commission to consider in this proceeding. As discussed in greater detail below, the USF support available to competitive ETCs in Florida is governed by the FCC's universal service funding rules and operation of the Interim Cap. As a result, there is no justification for the Commission to consider the extent to which, if at all, other competitive ETCs' receipt of USF support will be affected by granting Verizon Wireless' amendment Petition. Indeed, it is well-established that a state Commission cannot restrict either the number of competitive ETCs, or the scope of their ETC designations, to guarantee the receipt of USF support by another ETC. As the United States Court of Appeals for the Fifth Circuit noted in upholding the FCC's early funding decisions, the universal service program "must treat all market participants equally--for

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<sup>28</sup> T-Mobile Comments at 3, 5, 8-13.

example, subsidies must be portable--so that the market, and not local or federal government regulators, determines who shall compete for and deliver services to customers."<sup>29</sup>

**C. The FCC Has Implemented Specific Rules Governing the Receipt of USF Support by Competitive ETCs in Florida, Including the Implementation of the Verizon Wireless Phase-Down Requirement**

As set forth in 47 U.S.C. § 254(a), Congress designated the FCC as the agency responsible for the implementation of rules governing USF support distributions. The states were not given a role in this process and cannot adopt regulations or otherwise take actions inconsistent with the funding decisions ultimately made by the FCC.<sup>30</sup>

As set forth below, the FCC has adopted specific rules governing the distribution of USF support to competitive ETCs in Florida. The FCC has also implemented the USF support phase-down requirement arising under the *Cellco-Alltel Order*. Therefore, this proceeding must not be allowed to serve as a venue to collaterally attack the FCC's funding decisions.

**1. Operation of the Interim Cap**

In its *First Report and Order*, the FCC determined USF support would be "portable" – *i.e.*, a competitive ETC would receive the same amount of support on a per-line basis as that received by the incumbent ETC serving the same service location.<sup>31</sup> This is also sometimes referred to as the "identical support rule." In May 2008, the FCC issued its *Interim Cap Order* amending the application of the identical support rule and adopting an interim cap on the amount of federal USF support competitive ETCs may receive in a given state. As set forth in the FCC's *Interim Cap Order*, the limitation on support to competitive ETCs was intended only as an

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<sup>29</sup> *Alenco Communications, Inc. et. al v. Federal Communications Commission*, 201 F.3d 608, 616 (5<sup>th</sup> Cir. 2000) (emphasis added).

<sup>30</sup> 47 U.S.C. § 254(h).

<sup>31</sup> *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, ¶¶ 287-88 (May 8, 1997).

interim measure until the FCC adopts more comprehensive reforms for the federal high-cost universal service support mechanisms.<sup>32</sup>

As of the effective date of the *Interim Cap Order* – August 1, 2008 – the total USF support available to competitive ETCs in each state was capped at the level of support the then-existing competitive ETCs were eligible to receive as of March 2008, on an annualized basis.<sup>33</sup> In addition, the FCC subdivided the federal IAS support fund (which is capped at \$650 million nationwide) into two “separate pools,” one for incumbent ETCs and one for competitive ETCs.<sup>34</sup> As a result, IAS support for competitive ETCs is separately calculated and is subject to a quarterly reduction factor that is the same for all states. USAC is responsible for calculating and distributing competitive ETC support as follows. USAC first calculates on a quarterly basis the amount of support each competitive ETC would have received under the per-line identical support rule (*i.e.*, the support as if there was no Interim Cap in place).<sup>35</sup> USAC then determines if the amount of support calculated exceeds the applicable Interim Cap amount during that quarter. If it does, USAC calculates the state-specific reduction factor (*i.e.*, the percentage of reduction necessary to reduce distributions to the Interim Cap level).<sup>36</sup> This reduction factor is then applied to each competitive ETC’s uncapped support calculation to determine the proportional share of support to be distributed to each competitive ETC.

The application of the *Interim Cap Order* and USAC’s implementation of the order has not changed since 2008. Thus, since 2008, any competitive carrier considering ETC designation has understood that the “state-based cap will require newly-designated competitive ETCs to

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<sup>32</sup> *Interim Cap Order*, ¶ 37.

<sup>33</sup> *Interim Cap Order*, ¶ 1.

<sup>34</sup> *Interim Cap Order*, ¶ 35.

<sup>35</sup> *Interim Cap Order*, ¶ 27.

<sup>36</sup> *Id.*

share funding with other competitive ETCs within the state.”<sup>37</sup> Indeed, in some instances a competitive ETC may receive zero USF support under the Interim Cap.<sup>38</sup>

The FCC further acknowledged the financial impact of the Interim Cap to current competitive ETCs when it proceeded in the very same order to grant several pending ETC applications and requests for expansion of existing ETC designations, notwithstanding that such approvals would necessarily reduce the amount of support received by other competitive ETCs serving the same states.<sup>39</sup> And numerous ETC designations have been granted since 2008, again notwithstanding that each additional competitive ETC designation would potentially reduce the amount of USF support received by the previously designated competitive ETCs in a given state.

In particular, T-Mobile was designated as a competitive ETC in Florida just a few months ago.<sup>40</sup> T-Mobile’s designation substantially reduced the amount of USF available to the competitive ETCs in Florida that had previously been designated. Yet, the Commission did not deny T-Mobile’s ETC designation due to the financial impact it would have on other competitive ETCs.

## **2. Competitive ETCs may seek exemption from the Interim Cap**

Recognizing that in certain instances the limitations under the Interim Cap may reduce a competitive ETC’s receipt of USF support to less than its cost of service, the FCC provided an exception to the Interim Cap. As set forth in the *Interim Cap Order*, if a competitive ETC

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<sup>37</sup> *Interim Cap Order*, ¶ 26.

<sup>38</sup> *Interim Cap Order*, ¶ 29 (“[E]ven if imposition of the interim cap results in no support for some competitive ETCs, this result is not inconsistent with the Act.”)

<sup>39</sup> *Interim Cap Order*, ¶ 39 (“Although the interim cap that we adopt today applies only to the amount of support available to competitive ETCs, it does not restrict the number of competitive ETCs that may receive support. In fact, as part of this Order, we grant, to the extent described in Appendix B, numerous applications for ETC designation currently pending before the Commission ... These designations, however, do not affect the amount of support available to competitive ETCs, which is limited by the interim cap we adopt in this Order.”)

<sup>40</sup> See *T-Mobile Non-Rural Order* and *T-Mobile Rural Order*.

believes the amount of USF support available under the Interim Cap is not “sufficient,” it can elect to be exempt from the Interim Cap and receive support based on its own cost structure.<sup>41</sup> In adopting the Interim Cap, the FCC determined that it was “in the public interest to adopt a limited exception to the interim cap if a competitive ETC submits its own costs. Specifically, a competitive ETC will not be subject to the interim cap to the extent that it files cost data demonstrating that its costs meet the support threshold in the same manner as the incumbent LEC.”<sup>42</sup> In other words, if a competitive ETC determined the amount of USF support available was insufficient, it could exercise the option to receive support based on its own filed costs rather than by application of the identical support rule and any reductions under the Interim Cap.

### **3. Implementation of the Verizon Wireless phase-down requirement**

In November 2008, the FCC approved the Verizon Wireless-Alltel merger.<sup>43</sup> As a condition of the approval, Verizon Wireless was required to phase-down its receipt of federal high-cost universal service support in 20 percent increments over a five-year period (the “phase-down”).<sup>44</sup> The five-year phase-down of Verizon Wireless’ receipt of USF will only remain in place until the FCC adopts more comprehensive reforms. To the extent the FCC adopts a different transition mechanism, or other funding amendments, Verizon Wireless will then be placed in the same position as any other ETC under those new rules and the new rules will supersede the current phase-down requirement.<sup>45</sup>

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<sup>41</sup> Pursuant to Section 254 of the Act, the FCC has determined that the federal high-cost universal service support mechanisms must afford “sufficient,” but not excessive, support to meet the Act’s goals. *See Interim Cap Order*, ¶ 8 and n. 30.

<sup>42</sup> *Interim Cap Order*, ¶ 31.

<sup>43</sup> *Cellco-Alltel Order*.

<sup>44</sup> *Id.* ¶ 196.

<sup>45</sup> *Cellco-Alltel Order*, ¶¶ 196-97.

In September 2010, the FCC provided specific guidance concerning the implementation of the Verizon Wireless phase-down requirement. In the *Corr Wireless Order*, the FCC adopted two options for purposes of applying the incremental phase-down to Verizon Wireless' receipt of support.<sup>46</sup> Under "Option A," an initial baseline level of support would be established by annualizing the amount of support Verizon Wireless received in January 2009. Verizon Wireless would then receive support each year up to the amount of that baseline cap, which would be further reduced each year by 20 percent. Under "Option B," Verizon Wireless' support would be recalculated each quarter based on the "current data" — *i.e.*, the number of subscriber lines Verizon Wireless reports and the amount of support available on a per line basis for that quarter, including application of the Interim Cap. Disbursements of this support would then be reduced each year by 20 percent.<sup>47</sup> Consistent with the FCC's rules governing the reporting of subscriber lines and with the FCC staff counsel guidance provided to Verizon Wireless, Option B contemplates that the number of subscriber lines reported by the Company could increase or decrease over time such that the amount of USF support Verizon Wireless is eligible to receive would fluctuate.

Verizon Wireless elected Option B, under which the Company's USF support distributions are calculated each quarter based on the current data and then reduced incrementally at the rate of 20% per year beginning February 1, 2009 (*i.e.*, 20% in 2009, 40% in 2010, 60% in 2011, 80% in 2012 and 100% thereafter ).<sup>48</sup> The FCC further provided that the

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<sup>46</sup> *Corr Wireless Order* ¶¶ 15-17.

<sup>47</sup> *Corr Wireless Order*, ¶ 17.

<sup>48</sup> *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service; Request for Review by Corr Wireless Communications, LLC, of Decision of Universal Service Administrator*, CC Docket No. 96-45, WC Docket No. 05-337, Letter to Marlene H. Dortch from Tamara Preiss (September 28, 2010) (Department Comments, Ex. A(2)); *Corr Wireless Order*, ¶ 16 n. 38 ("[The FCC] understand[s] that there would be administrative difficulties associated with making Verizon Wireless's voluntary commitments effective in the middle of a month. Verizon Wireless's 20 percent reduction shall therefore

support reductions will be implemented by USAC through future offsets to USF support distributions or by other means.<sup>49</sup> Any distributions of support in excess of the phase-down requirement that have been made since February 2009 must also be trued-up by USAC.

#### 4. Repurposing the phase-down support

The subject of whether the high-cost universal service support to be reclaimed from Verizon Wireless in each state pursuant to the phase-down requirement would be made available to other competitive ETCs under the Interim Cap was, and continues to be, vigorously debated at the FCC. Before USAC could implement the phase-down requirement, Corr Wireless filed a request for review, asking the FCC to make the “freed-up” support available to other competitive ETCs. The FCC rejected this position in the *Corr Wireless Order*, deciding instead that any high-cost universal service support reclaimed from Verizon Wireless on an interim basis would be retained by USAC for future universal service purposes, as follows:

We further direct USAC to reserve any reclaimed funds as a fiscally responsible down payment on proposed broadband universal service reforms, as recommended in the National Broadband Plan, including to: index the E-rate funding cap to inflation to enhance broadband opportunities for children, teachers, schools, and libraries; support a Mobility Fund to improve 3G wireless broadband service in states with the worst coverage today; improve utilization of the Rural Health Care program to advance telemedicine in rural areas across the country, including Tribal lands; and, in the long term, directly support broadband Internet services for all Americans.<sup>50</sup>

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be implemented on February 1, 2009 (the first day of the first month following the consummation of the transaction). Verizon Wireless’s 40 percent reduction shall be implemented on January 1, 2010, with additional reductions annually thereafter.”)

<sup>49</sup> *Corr Wireless Order*, ¶ 18 n. 41 (“[The FCC] anticipate[s] that the recovery of funds will occur through offsets to future universal service support, but USAC may require Verizon Wireless and Sprint Nextel to make an actual payment to USAC if future offsets will not be sufficient to accomplish the full recovery.”)

<sup>50</sup> *Corr Wireless Order*, ¶ 20. In March 2010, the FCC released its National Broadband Plan, which reiterated the FCC’s long-standing intent to reform the entire universal service system and to adopt mechanisms to promote broadband development, including wireless broadband services. See *Connecting America: The National Broadband Plan*, at 146 (Recommendation 8.3). Available at <http://www.broadband.gov/plan/>.

This Commission's position with respect to redistribution of reclaimed high-cost support is consistent with the FCC's decision to prevent redistribution of the phased-down support to other competitive ETCs. Like Verizon Wireless, the Commission advocated for a commensurate reduction in the contribution factor unless and until the FCC adopts rules establishing new broadband funds such as the Connect America Fund or the Mobility Fund.<sup>51</sup> While the FCC has not yet established the new mechanisms or rules to implement the proposed broadband funds, two things are clear at this stage. First, the FCC intends to develop universal service support mechanisms to directly support the deployment of broadband services, specifically including mobile broadband, in unserved and underserved areas. And, second, to be eligible for support under these new mechanisms, a carrier will have to be designated as an ETC.<sup>52</sup> Thus, Florida will potentially benefit from having wireless carriers, including Verizon Wireless, designated and operating as competitive ETCs when the new mechanisms are implemented.

Several parties have sought reconsideration of the *Corr Wireless Order*, specifically with respect to the FCC's decision to retain the support reclaimed pursuant to the phase-down requirement for other universal service purposes.<sup>53</sup> Other parties disgruntled by the outcome before the FCC have sought to change venues by improperly interjecting the FCC's funding decisions into state proceedings, like this one, where Verizon Wireless simply seeks to amend a

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<sup>51</sup> See Reply Comments of the Florida Public Service Commission, CC Docket No. 96-45, WC Docket No. 05-337, p. 5 (filed Oct. 21, 2010).

<sup>52</sup> See, e.g., *In the Matter of Universal Service Reform Mobility Fund*, WT Docket No. 10-208, Notice of Proposed Rulemaking, FCC 10-182, ¶ 47 (Oct. 14, 2010) ("All USF recipients must be designated as ETCs by the relevant state (or by the Commission) before receiving high-cost support pursuant to Sections 214 and 254 of the Act. Therefore, we propose to require that applicants for Mobility Fund support be designated as wireless ETCs covering the relevant geographic area prior to participating in a Mobility Fund auction.") (internal cites omitted).

<sup>53</sup> *Petition for Partial Reconsideration of SouthernLINC Wireless and the Universal Service for America Coalition*, WC Docket No. 05-337, CC Docket No. 96-45 (filed September 30, 2010); *Joint Petition for Reconsideration of Allied Wireless Communications Corp. et al.*, WC Docket No. 05-337, CC Docket No. 96-45 (filed October 4, 2010).



prior ETC designation order to identify Verizon Wireless as the ETC serving the designated service area. These efforts to collaterally attack the FCC's decisions outside the appeal process should not be endorsed by the Commission.

**D. T-Mobile's Alleged Concern With Potential Impacts to Other Competitive ETCs or to Florida Consumers is Misplaced**

As set forth above, the FCC's *Interim Cap Order* has been in place since 2008, and nothing the FCC has done by way of the *Corr Wireless Order* has changed the operation of the Interim Cap as it relates to the amount of USF support available to competitive ETCs in Florida. In fact, the FCC could not have altered the application or operation of the Interim Cap without conducting a rulemaking proceeding.<sup>54</sup> Yet T-Mobile asserts that granting Verizon Wireless' amendment Petition will negatively affect other competitive ETCs in Florida, or will create a disincentive for other carriers to seek ETC designation. T-Mobile's contentions are highly speculative. Nowhere in its comments does it specifically describe how the operation of the Interim Cap would prevent a competitive carrier from being designated as a competitive ETC; how the Interim Cap would prevent the carrier from fulfilling its ETC obligations once designated; or how consumers would now be harmed by a decision the FCC made in 2008 to limit the amount of USF support available to competitive ETCs. Nor does T-Mobile explain how its own designation as a competitive ETC in October 2010 has failed to injure other competitive ETCs in Florida — whereas T-Mobile inconsistently alleges that approval of Verizon Wireless' Petition would now injure these same carriers. Moreover, T-Mobile inexplicably ignores the more obvious point that a carrier who is not currently designated as a competitive ETC in Florida is receiving zero USF support. Thus, on day one of designation as a

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<sup>54</sup> *Corr Wireless Order*, ¶ 8 (“The interim cap is a Commission ‘rule’ pursuant to the Administrative Procedure Act (APA); *i.e.*, it is an ‘agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy.’ As such, any amendment or repeal of the interim cap would require a rulemaking proceeding.”) (internal cites omitted).

competitive ETC, the carrier would be eligible to receive USF support that it is not currently receiving.

T-Mobile also fails to acknowledge that if it was truly concerned that granting Verizon Wireless' Petition would cause T-Mobile's USF support to be reduced below an amount commensurate with T-Mobile's cost to provide service as a competitive ETC, T-Mobile could exercise the option of reporting its own costs for direct reimbursement pursuant to the *Interim Cap Order's* exemption provision. If it did that, T-Mobile would be entirely unaffected by the operation of the Interim Cap. For this reason alone, the Commission should reject T-Mobile's speculative and self-interested suggestion that approval of Verizon Wireless' Petition would improperly reduce the amount of USF received by Florida competitive ETCs. The reduction in USF about which T-Mobile complains is entirely proper and is what the FCC intended.

Lastly, T-Mobile's speculation that Florida consumers would be harmed by the granting of Verizon Wireless' Petition is unfounded. The reality of what has already transpired in Florida, and Verizon Wireless' plans for the future, defeat T-Mobile's claims. In 2009 and 2010, Verizon Wireless invested over \$350 million in the consolidated Verizon Wireless network in Florida, including the installation of a new state-of-the-art "super switch" to serve south Florida, the deployment of over 65 new cell sites, and the integration and upgrading of over 700 former Alltel cell sites. The Company also plans to deploy Verizon Wireless' new 4G Long Term Evolution ("LTE") wireless network throughout the entire state by 2013. These technology upgrades will improve Florida's wireless service, provide increased broadband access and create economic stimulus. While federal universal service support is not currently available to support data and other advanced services, Verizon Wireless' receipt of federal support helps defray some of the significant cost to build and maintain facilities that provide both the universal service

supported services as well as the more advanced services. The alleged harm to Florida consumers predicted by T-Mobile is thus completely misleading.

**CONCLUSION**

For the foregoing reasons, T-Mobile's collateral challenge of the FCC's universal service funding decisions and its faulty economic harm arguments should be rejected and the Petition should be approved without delay.

Respectfully submitted this 20<sup>th</sup> day of January, 2011.

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September 30, 2009

**VIA E-MAIL AND U.S. MAIL**

Karen Majcher  
Vice President, High Cost & Low Income Division  
Universal Service Administrative Company  
2000 L Street, NW, Suite 200  
Washington, DC 20036

**RE: September 30, 2009 Form 525 Filings for RCC and Alltel entities**

Dear Ms. Majcher:

With the acquisition of Rural Cellular Corporation (RCC) and Alltel and its affiliates, and the ongoing integration of those entities (other than the divestiture properties) into Verizon Wireless, we wish to confirm that we have included all lines under common ownership or control in the RCC and Alltel designated areas in our September 30, 2009 Form 525 Line Count Filings. This is consistent with guidance from FCC staff.

The integration efforts should be complete by the end of 2009. The integrated operations are reflected in the IAS portion of the September 30, 2009 filing for Alltel Study Area Codes 199001 (Virginia) and 199006 (Virginia); the IAS portion of the September 30, 2009 filing for RCC Study Area Codes 259001 (Alabama) and 529002 (Mississippi); and the IAS, HCL, ICLS, and HCM portions for the RCC Study Area Codes 369004 (Minnesota) and 399003 (South Dakota).

Please do not hesitate to call at (202) 589-3770 should you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tamara L. Preiss".

Tamara L. Preiss

cc: Jennifer McKee (via e-mail)

Attachment A

ARKANSAS PUBLIC SERVICE COMMISSION

ARK. PUBLIC SERV. COMM

SECRETARY OF COMM

2010 OCT -1 P 12: 57

IN THE MATTER OF THE APPLICATION OF )  
CELLCO PARTNERSHIP AND ITS )  
SUBSIDIARIES AND AFFILIATES TO )  
AMEND ELIGIBLE )  
TELECOMMUNICATIONS CARRIER )  
DESIGNATION IN THE STATE OF )  
ARKANSAS )

DOCKET NO. 10-076-U  
ORDER NO. 3

FILED

2010 OCT -1 P 12: 57  
SECRETARY OF COMM

ARK. PUBLIC SERV. COMM  
MR

ORDER

On August 17, 2010, Cellco Partnership d/b/a Verizon Wireless ("Cellco"), on behalf of itself and its subsidiaries and affiliates offering commercial mobile radio services in the state of Arkansas (collectively, "Verizon Wireless"), filed in this docket its *Application for Amendment of ETC Designation* ("Application"). By its Application, Cellco seeks to amend the Eligible Telecommunications Carrier ("ETC") designation held by Alltel Communications, Inc. and its affiliated legal entities to reflect Cellco and its affiliated legal entities as the ETC designated entity in the state of Arkansas.

This Commission previously designated Alltel Communication, LLC (formerly named "Alltel Communications, Inc.") ("Alltel") as an Eligible Telecommunications Carrier in the state of Arkansas by Order No. 5 of Docket No. 03-138-U. Expansion of Alltel's service area was granted in Docket 07-028-U. In 2008, Alltel became a wholly-owned, indirect subsidiary of Cellco and collectively operates and does business as Verizon Wireless. As a result of this transaction, the Alltel and Verizon Wireless networks, business operations, and subscriber bases have been fully integrated as contemplated and approved by the FCC. Cellco contends that it is no longer feasible to


distinguish the network, business operations or subscribers of one company from another for ETC compliance and reporting purposes. Cellco states in its Application that it is not seeking to expand the Designated Area granted in these previous dockets.

Cellco's request to amend the ETC designation to reflect Cellco Partnership and its affiliated legal entities operating in the designated area of the state of Arkansas dba Verizon Wireless as the designated entity is hereby approved. Accordingly, the designated service areas of Alltel shall hereafter reflect Cellco Partnership and its affiliated legal entities operating in the designated area of the state of Arkansas dba Verizon Wireless as the ETC designated entity.

BY ORDER OF THE PRESIDING OFFICER PURSUANT TO DELEGATION,

This 1<sup>st</sup> day of October, 2010.

  
\_\_\_\_\_  
Connie C. Griffin  
Administrative Law Judge

  
\_\_\_\_\_  
Jan Sanders, Secretary of the Commission

I hereby certify that this order, issued by the Arkansas Public Service Commission, has been served on all parties of record on this date by the following method:

U.S. mail with postage prepaid using the mailing address of each party as indicated in the official docket file, or  
 Electronic mail using the email address of each party as indicated in the official docket file.

**CERTIFICATE OF SERVICE**

This is to certify that copies of the foregoing Reply Comments of Verizon Wireless have been furnished by U.S. Mail or electronically to the parties listed below this 20<sup>th</sup> day of January, 2011.

Bob Casey  
Curtis Williams  
Adam Teitzman  
Pauline Evans  
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s/ Susan F. Clark  
Susan F. Clark