

BEFORE THE PUBLIC UTILITIES COMMISSION OF SOUTH DAKOTA

**IN THE MATTER OF THE PETITION OF)
CELLCO PARTNERSHIP AND ITS)
SUBSIDIARIES AND AFFILIATES TO)
AMEND AND CONSOLIDATE ELIGIBLE)
TELECOMMUNICATIONS CARRIER)
DESIGNATIONS IN THE STATE OF SOUTH)
DAKOTA AND TO PARTIALLY)
RELINQUISH ETC DESIGNATION)**

TC10-090

DIRECT TESTIMONY OF

LINDA STEVENS

ON BEHALF OF

VERIZON WIRELESS

JANUARY 7, 2011

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1 **I. WITNESS BACKGROUND AND PURPOSE OF TESTIMONY**

2 **Q: PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

3 A: My name is Linda Stevens. I am employed as the Associate Director – Finance for
4 Cellco Partnership d/b/a Verizon Wireless (“Cellco”). My business address is Verizon
5 Wireless, One Verizon Place, Alpharetta, GA 30004-8511.

6 **Q: WHAT ARE YOUR DUTIES AND RESPONSIBILITIES?**

7 A: I am primarily responsible for the management and administration of eligible
8 telecommunications carrier (“ETC”) regulatory, compliance and reporting matters for
9 Cellco and its subsidiaries and affiliated legal entities (collectively, “Verizon Wireless”
10 or “Company”). In this capacity, I have developed an understanding of the regulatory
11 standards and requirements applicable to ETCs. I also have knowledge about the
12 network, products and services offered by Verizon Wireless, as well as Verizon Wireless’
13 business operations and procedures relating to its status as an ETC.

14 **Q: PLEASE DESCRIBE YOUR EXPERIENCE AS IT RELATES TO ETC REQUIREMENTS AND**
15 **COMPLIANCE MATTERS.**

16 A: In 2004, I began working with several of Verizon Wireless’ affiliates and managed
17 partnerships to evaluate whether to seek designation as a federal ETC and undertake the
18 associated obligations of a competitive ETC. This process included analyzing the
19 applicable ETC designation criteria and the evaluation, development and implementation
20 of business practices and procedures to meet the service obligations and compliance
21 reporting requirements once designated. In late 2008 and early 2009, Verizon Wireless
22 acquired the operations of Rural Cellular Corporation (“RCC”) and Alltel Corporation
23 (“Alltel”), including their respective subsidiaries and affiliates, and proceeded to merge
24 those operations with the Verizon Wireless operations. Several of the RCC and Alltel
25 subsidiaries and affiliates had been previously designated as competitive ETCs. In

1 August 2008, Verizon Wireless created an ETC Program Group to oversee the ETC
2 compliance and reporting obligations in the areas where the Company serves as a
3 competitive ETC. I work in a supervisory role for Verizon Wireless' ETC Program
4 Group.

5 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A: I am submitting this testimony on behalf of Verizon Wireless in support of the "Petition
7 of Cellco Partnership and its Subsidiaries and Affiliates to Amend and Consolidate
8 Eligible Telecommunications Carrier Designations in the State of South Dakota and to
9 Partially Relinquish ETC Designation" ("Petition"). WWC License, LLC d/b/a Verizon
10 Wireless, successor to GCC License Corporation, ("WWC") is currently designated as a
11 competitive federal ETC in South Dakota (the "WWC ETC Designation"). Separately,
12 RCC Minnesota, Inc. d/b/a Verizon Wireless ("RCC") is currently designated as a
13 competitive federal ETC in South Dakota (the "RCC ETC Designation"). In support of
14 the Company's request to amend and consolidate the WWC ETC Designation and RCC
15 ETC Designation orders to reflect that it is now the consolidated Verizon Wireless
16 operations that serve the designated ETC service area, I will describe how the Company
17 continues to satisfy the applicable federal and state competitive ETC requirements and
18 obligations in South Dakota. The Petition further requested that the WWC ETC
19 Designation be partially relinquished in one Golden West Telecommunications
20 Cooperative, Inc. ("Golden West") study area – that partial relinquishment was approved
21 by the Commission on November 18, 2010.

22 **Q: HAVE YOU PREVIOUSLY SUBMITTED INFORMATION IN SUPPORT OF THE PETITION?**

23 A: Yes. I submitted a Certification that was filed as **Exhibit D** to the Petition. The
24 Certification addresses many of the issues relevant to the relief requested in the Petition.

1 **II. VERIZON WIRELESS' ORGANIZATIONAL STRUCTURE**

2 **Q: WHO IS CELLCO?**

3 A: Cellco Partnership d/b/a Verizon Wireless is a Delaware general partnership
4 headquartered in Basking Ridge, New Jersey. Cellco is the ultimate parent company
5 which owns or controls all of the subsidiary and affiliated entities that operate as Verizon
6 Wireless.

7 **Q: WHAT IS THE RELATIONSHIP BETWEEN CELLCO AND WWC?**

8 A: On January 9, 2009, Cellco completed a transaction with Atlantis Holdings LLC
9 ("Atlantis"), a Delaware limited liability company, which owned Alltel and its subsidiary
10 corporations and had ownership interests in various controlled and non-controlled
11 partnerships (the "Verizon Wireless-Alltel merger"). At the time of the Verizon
12 Wireless-Alltel merger, WWC was a wholly-owned subsidiary of Alltel.

13 **Q: AT THE TIME OF THE VERIZON WIRELESS-ALLTEL MERGER, WAS WWC OPERATING IN**
14 **SOUTH DAKOTA?**

15 A: Yes. WWC was licensed by the Federal Communications Commission ("FCC") and
16 providing wireless services in cellular market areas throughout South Dakota, as follows:

| RSA/MSA | CMA | Counties |
|-----------------|------------|---|
| Rapid City MSA | 289 | Meade, Pennington |
| Sioux Falls MSA | 267 | Minnehaha |
| SD RSA 1 | 634 | Butte, Harding, Lawrence, Perkins |
| SD RSA 2 | 635 | Campbell, Corson, Dewey, Potter, Walworth, Ziebach |
| SD RSA 3 | 636 | Brown, Edmunds, Faulk, McPherson, Spink |
| SD RSA 4 | 637 | Clark, Codington, Day, Deuel, Grant, Hamlin, Marshall, Roberts |
| SD RSA 5 | 638 | Custer, Fall River, Shannon |
| SD RSA 6 | 639 | Bennet, Gregory, Haakon, Jackson, Jones, Lyman, Mellette, Stanley, Todd, Tripp |
| SD RSA 7 | 640 | Aurora, Brule, Buffalo, Charles Mix, Davison, Douglas, Hand, Hughes, Hyde, Jerauld, Sully |
| SD RSA 8 | 641 | Beadle, Brookings, Kingsbury, Lake, Miner, Moody, Sanborn |

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| SD RSA 9 | 642 | Bon Homme, Clay, Hanson, Hutchinson, Lincoln, McCook, Turner, Union, Yankton |
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The RSA/MSA boundaries for a cellular market area are generally established by the FCC with reference to county lines and typically include more than one county. The counties included within each of the RSAs and MSAs where WWC was licensed are set forth in the table above.

Q: AT THE TIME OF THE VERIZON WIRELESS-ALLTEL MERGER, WHERE WAS WWC DESIGNATED AS A COMPETITIVE ETC IN SOUTH DAKOTA?

A: WWC was designated by the Commission as a competitive ETC within certain incumbent local exchange carrier (“ILEC”) service areas located within the Rapid City and Sioux Falls MSAs, and RSA Nos. 1-9. The designated ETC service area includes all individual wire centers served by non-rural telephone companies in the State of South Dakota and the entire South Dakota study areas of 27 rural telephone companies. The specific non-rural telephone company wire centers and rural telephone company study areas are included in **Exhibit B** to the Petition (the “Designated Area”).

Q: WHAT IS THE CURRENT STATUS OF WWC?

A: Following the Verizon Wireless-Alltel merger, Alltel continues its corporate existence as a wholly-owned subsidiary and WWC remains a subsidiary of Alltel, but is now an indirect wholly-owned subsidiary under the ownership and control of Cellco.

Q: WHAT IS THE RELATIONSHIP BETWEEN CELLCO AND RCC?

A: On August 6, 2008, Cellco acquired Rural Cellular Corporation and each of its subsidiaries and affiliates, including RCC (the “Verizon Wireless-RCC merger”).

Q: AT THE TIME OF THE VERIZON WIRELESS-ALLTEL MERGER, WAS RCC OPERATING IN SOUTH DAKOTA?

A: Yes. RCC was licensed by the Federal Communications Commission (“FCC”) and

1 providing wireless services in cellular market areas throughout South Dakota, as follows.

| RSA/MSA | CMA | Counties |
|----------|-----|--|
| SD RSA 4 | 637 | Clark, Codington, Day, Deuel, Grant, Hamlin, Marshall, Roberts |

2
3 **Q: AT THE TIME OF THE VERIZON WIRELESS-ALLTEL MERGER, WHERE WAS RCC**
4 **DESIGNATED AS A COMPETITIVE ETC IN SOUTH DAKOTA?**

5 A: RCC was designated by the Commission as a competitive ETC within ILEC service areas
6 located within RSA No. 4. The designated ETC service area includes certain individual
7 wire centers served by non-rural telephone companies, the entire South Dakota study
8 areas of 5 rural telephone companies, and certain individual wire centers within the study
9 areas of 3 rural telephone companies. The specific non-rural telephone company wire
10 centers and rural telephone company study areas are included in the Designated Area
11 (Petition Exhibit B).

12 **Q: WHAT IS THE CURRENT STATUS OF RCC?**

13 A: Following the Verizon Wireless-RCC merger, RCC continues its corporate existence as
14 an indirect wholly-owned subsidiary under the ownership and control of Cellco.

15 **Q: WHY IS THE INTERNAL CORPORATE ORGANIZATIONAL STRUCTURE OF VERIZON**
16 **WIRELESS SO COMPLEX?**

17 A: The structure is not really complex. It is typical in the wireless telecommunications
18 industry for the assets, facilities and operations of a company to be held in various
19 corporate or other legal entities that all operate collectively to provide service as a unified
20 operation. In the case of Verizon Wireless' operations, Cellco owns, controls or manages
21 each of the underlying corporations, limited liability companies and partnership entities
22 that make up the collective whole. The organizational structure has developed as the
23 Company has grown. Once integrated with the Verizon Wireless operations, legal
24 entities may (or may not) be merged, dissolved or assets transferred between entities

1 depending upon the developing needs of the business.

2 Notwithstanding the internal organizational structure, each entity owned,
3 controlled or managed by Cellco collectively provides service as Verizon Wireless. And
4 to consumers served by Verizon Wireless, the underlying structure and organization is
5 completely immaterial. Consumers recognize and identify with Verizon Wireless as a
6 single, consolidated cellular company. When agreeing to purchase service, the consumer
7 enters into an agreement with “Verizon Wireless.” All Verizon Wireless customers are
8 served by the same business systems and practices, including network, billing, customer
9 service and technical support. For example, in South Dakota, the same network, services
10 and rate plans are now available to all Verizon Wireless customers regardless of where
11 the customer lives or from which subsidiary or legal entity the customer may have
12 originally initiated service.

13 **Q: DOES VERIZON WIRELESS CURRENTLY PROVIDE WIRELESS TELECOMMUNICATIONS**
14 **SERVICES IN SOUTH DAKOTA?**

15 **A:** Yes. Verizon Wireless continues to provide wireless telecommunications services in
16 South Dakota, including mobile voice, data services and other enhanced features and
17 services.

18 **III. THE VERIZON WIRELESS-RCC AND VERIZON WIRELESS-ALLTEL**
19 **MERGERS**

20 **Q: DID THE VERIZON WIRELESS-RCC MERGER REQUIRE REVIEW OR APPROVAL?**

21 **A:** Yes. Both the FCC and the U.S. Department of Justice (“DOJ”) reviewed and approved
22 the Verizon Wireless-Alltel merger.¹

23

¹ See *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 (2008) (“RCC Merger Order”).

1 **Q: WERE ANY CONDITIONS PLACED ON APPROVAL OF THE MERGER?**

2 A: Yes. The FCC required the divestiture of wireless telecommunications assets and
3 subscribers in certain cellular market areas where Verizon Wireless was already
4 operating to avoid the potential of affording Verizon Wireless concentrated market share.
5 None of these areas were in South Dakota.

6 **Q: DID THE VERIZON WIRELESS-ALLTEL MERGER REQUIRE REVIEW OR APPROVAL?**

7 A: Yes. Both the FCC and the DOJ reviewed and approved the Verizon Wireless-Alltel
8 merger.²

9 **Q: WERE ANY CONDITIONS PLACED ON APPROVAL OF THE MERGER?**

10 A: Yes. As a condition of approval, the FCC and the DOJ required the divestiture of
11 wireless telecommunications assets and subscribers in certain cellular market areas where
12 Verizon Wireless was already operating to avoid the potential of affording Verizon
13 Wireless concentrated market share. In South Dakota, Alltel was required to divest assets
14 and subscribers in the Rapid City and Sioux Falls MSAs and in RSAs 1 – 9. In those
15 areas, Verizon Wireless established a Management Trust to temporarily operate the Alltel
16 assets and customers until they were transferred to AT&T Mobility, LLC on June 22,
17 2010. Verizon Wireless continues to provide wireless telecommunications services in the
18 Rapid City and Sioux Falls MSAs and in RSAs 1 – 9.

19 **Q: WHAT IMPACT DID THE DIVESTITURE HAVE ON VERIZON WIRELESS' ABILITY TO**
20 **CONTINUE SERVING AS A COMPETITIVE ETC WITHIN THE DESIGNATED AREA IN SOUTH**
21 **DAKOTA?**

22 A: None. The transfer of certain WWC assets in the divested area did not affect the ETC
23 Designation or the Designated Area. WWC remains in existence as a wholly-owned

1 subsidiary of Verizon Wireless. For purposes of serving the Designated Area, Verizon
2 Wireless holds FCC licenses to provide wireless service throughout South Dakota,
3 including all of the ILEC wire centers comprising the Designated Area.

4 **Q: DID THE FCC IMPOSE ANY ADDITIONAL CONDITIONS IN CONNECTION WITH THE**
5 **VERIZON WIRELESS-ALLTEL MERGER?**

6 A: Yes. The merger was also conditioned on the phase-out of Verizon Wireless' receipt of
7 federal high-cost universal service support ("USF") in 20 percent increments over a
8 period of five (5) years.³ This reduction is being implemented by the FCC and Universal
9 Service Administrative Company ("USAC") as follows: 20% reduction in 2009, 40%
10 reduction in 2010, 60% reduction in 2011, 80% reduction in 2012, and 100% thereafter.⁴
11 The phase-down of high-cost USF support does not affect Verizon Wireless' receipt of
12 federal low-income universal service support and, therefore, does not affect the
13 Company's ability to continue providing Lifeline or Link Up assistance to qualified, low-
14 income consumers within the Designated Area.

15 **Q: WHAT IMPACT DID THE VERIZON WIRELESS -RCC AND THE VERIZON WIRELESS-**
16 **ALLTEL MERGERS HAVE ON THE COMPANY'S REPORTING OF SUBSCRIBER LINES TO**
17 **USAC FOR UNIVERSAL SERVICE PURPOSES?**

18 A: As the integration process was completed, and the Verizon Wireless and RCC customer
19 bases were combined, Verizon Wireless began the process of reporting to USAC all of
20 the subscriber lines under common ownership or control of Verizon Wireless within the

² See *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) ("*Alltel Merger Order*").

³ *Alltel Merger Order*, ¶¶ 192-97.

⁴ *High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LLC, Order and Notice of Proposed Rulemaking*, WC Docket No. 05-337, CC Docket No. 96-45, ¶¶ 14-22 (Sept. 3, 2010) ("*Corr Wireless Order*").

1 Designated Area. With respect to Interstate Access Support, Verizon Wireless began
2 reporting to the Universal Service Administrative Company (“USAC”) all of the lines the
3 Company serves in the designated service area associated with study area code (“SAC”)
4 399003 with its June 30, 2009 line count report. Lines reported in June 2009 were those
5 served “as of” March 31, 2009 for the Interstate Access Support mechanism. In
6 September 2009, Verizon Wireless began reporting all lines the Company serves in the
7 designated service area associated with SAC 399003. Lines reported in September 2009
8 were those served “as of” March 31, 2009 for the High Cost Model, High Cost Loop,
9 Safety Net Additive, Local Switching Support, and Interstate Common Lines Support
10 mechanisms, and lines served “as of” June 30, 2009 for the Interstate Access Support
11 mechanism. Following the June 22, 2010, transfer of certain customers and assets to
12 AT&T Mobility, LLC, Verizon Wireless began reporting all lines the Company serves
13 within the designated service area associated with SAC 399018 with its September 30,
14 2010 line count report.

15 **Q: DID VERIZON WIRELESS OBTAIN ANY GUIDANCE FROM THE FCC CONCERNING THE**
16 **ETC DESIGNATIONS AND SUBMISSION OF LINE COUNT FILINGS TO USAC IN LIGHT OF**
17 **THE VERIZON WIRELESS-RCC AND VERIZON WIRELESS-ALLTEL MERGERS?**

18 A: Yes. Verizon Wireless has received guidance from the FCC in a number of ways.
19 For example, in approving the Verizon Wireless-RCC merger, the FCC stated as follows:
20 “the ETC obligations in effect prior to the proposed transaction will remain in effect upon
21 consummation of the proposed transaction.”⁵ The FCC thus explained that the Verizon
22 Wireless-RCC transaction would not affect the ETC obligations in effect prior to the
23 merger and, therefore, it was unnecessary to address Verizon Wireless’ obligation to
24 continue providing service as a competitive ETC.

1 The FCC also summarily approved the amendment and consolidation of the ETC
2 designation orders it previously issued to Alltel and RCC, and each of their subsidiaries
3 and affiliates, to confirm that it is now Verizon Wireless serving the designated ETC
4 service areas defined in those earlier orders.⁶ The FCC’s *pro forma* amendment order
5 was included as **Exhibit A** to the Petition.

6 Even more recently, in implementing the Verizon Wireless phase-down of USF
7 support requirement, the FCC recognized that the Company could experience fluctuations
8 in its receipt of USF support based on the reporting of its current subscriber line counts
9 each quarter. Specifically, the FCC noted in the *Corr Wireless Order* that the amount of
10 USF support Verizon Wireless is eligible to receive each quarter could increase or
11 decrease due to line growth or line loss.⁷ This means that Verizon Wireless’ line counts
12 were not intended to be frozen in time as of some date prior to the Verizon Wireless-RCC
13 or Verizon Wireless-Alltel mergers, but rather the FCC acknowledged that the line counts
14 would change each quarter based on the number of subscribers that Verizon Wireless
15 serves in each designated ETC service area.

16 **Q: DID VERIZON WIRELESS ALSO DISCUSS THE ETC DESIGNATIONS AND SUBMISSION OF**
17 **LINE COUNT FILINGS WITH FCC STAFF?**

18 **A:** Yes. Representatives of Verizon Wireless met with FCC Staff on a number of occasions
19 to discuss and obtain guidance on how the phase-down of support would be implemented,
20 including guidance about how Verizon Wireless should prepare its Form 525 filings post

⁵ *RCC Merger Order* ¶ 125.

⁶ *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*”).

⁷ *Corr Wireless Order*, ¶¶ 16-17 and footnotes 39-40.

1 integration. Verizon Wireless discussed with FCC Staff the fact that all of the Alltel and
2 RCC assets and customers were under the ownership and control of Verizon Wireless and
3 that it was appropriate to treat the designated ETC service areas in a unified, integrated
4 fashion and to report all of the lines served by the Company for universal service
5 purposes. Recognizing that the purpose of the mergers was to fully integrate the RCC and
6 Alltel business operations with the Verizon Wireless operations, FCC staff counsel
7 advised Verizon Wireless that it should treat all of its subscribers within the Company's
8 designated ETC service areas as universal service subscribers, both for purposes of
9 complying with the ETC service obligations, as well as for purposes of reporting the
10 subscriber line under 47 C.F.R. §§ 54.307 and 54.802. FCC staff counsel's guidance was
11 relevant not only for areas where States had designated Verizon Wireless affiliates and
12 subsidiaries as ETCs, but also for areas such as Alabama, North Carolina and Virginia
13 where the FCC had itself designated Verizon Wireless affiliates and subsidiaries as
14 ETCs.

15 **IV. THE PETITION**

16 **Q: WHY DID VERIZON WIRELESS FILE THE PETITION WITH THE COMMISSION?**

17 A: The Petition requests amendment of the prior ETC designation orders to reflect that
18 Verizon Wireless is the competitive ETC serving the Designated Area. The amendment
19 is appropriate due to the Verizon Wireless-RCC and Verizon Wireless-Alltel mergers and
20 the resultant integration of the former RCC network and business operations in South
21 Dakota with Verizon Wireless.

22 **Q: WHAT IS THE PURPOSE OF THE PETITION ?**

23 A: The essential purpose of the Petition is administrative. The amendment is intended to
24 ensure that the Commission, Staff and, most importantly, consumers understand that the

1 collective Verizon Wireless operations are responsible for compliance with the universal
2 service requirements and obligations throughout the Designated Area and that all
3 customers served by the Company are treated exactly the same for universal service
4 purposes.

5 **Q: DID VERIZON WIRELESS SEEK AMENDMENT OF THE ETC DESIGNATION ORDERS**
6 **PREVIOUSLY ISSUED BY THE FCC?**

7 A: Yes. As I mentioned earlier, the FCC approved exactly the same type of amendment as
8 requested in this proceeding. In December 2009, Verizon Wireless filed three petitions
9 with the FCC requesting *pro forma* amendment and consolidation of the ETC designation
10 orders previously issued to Alltel, including its subsidiaries and affiliates in North
11 Carolina and Virginia, as well as the ETC designation orders previously issued to Alltel
12 and RCC, and their subsidiaries and affiliates, in Alabama. The petitions were filed with
13 the FCC because it was the regulatory agency that had granted the initial ETC
14 designations in those particular states.

15 **Q: WHAT DID VERIZON WIRELESS REQUEST IN ITS PETITIONS TO THE FCC?**

16 A: Verizon Wireless requested *pro forma* amendment of the ETC designation orders to
17 reflect that it is now Verizon Wireless serving the designated ETC service areas in those
18 states as a competitive ETC.

19 **Q: DID INTERESTED PARTIES SUBMIT COMMENTS IN RESPONSE TO VERIZON WIRELESS'**
20 **FCC PETITIONS?**

21 A: Yes. Other parties, including the Rural Cellular Association, submitted comments to the
22 FCC. The commenting parties did not oppose the requested amendment of the ETC
23 designation orders, but they did attempt to use the proceeding as an opportunity to seek
24 FCC clarification concerning certain USF funding issues, including the process used to

1 calculate USF disbursements under the *Interim Cap Order*⁸ and the procedures to
2 implement the phase-down of high-cost support as provided in the *Alltel Merger Order*.

3 **Q: HOW DID THE FCC RESPOND TO THE COMMENTS ON THESE USF FUNDING ISSUES?**

4 A: The FCC determined that the issues raised by the commenting parties were outside the
5 scope of the requests for *pro forma* amendment and were more appropriately addressed in
6 other pending FCC proceedings.

7 **Q: DID THE FCC APPROVE THE REQUESTED AMENDMENTS?**

8 A: Yes. By Order dated May 28, 2010 (the “Pro Forma Order”), the FCC granted the
9 petitions to amend and consolidate the prior ETC designation orders issued to Alltel,
10 RCC and each of their subsidiaries and affiliates, in the states of Alabama, North
11 Carolina and Virginia. Consistent with the FCC’s *RCC Merger Order*, the *Alltel Merger*
12 *Order*, and as directed by the *Pro Forma Order*, the designated ETC service areas in
13 Alabama, North Carolina and Virginia now reflect that it is Verizon Wireless serving the
14 areas as a competitive ETC.

15 **Q: HAVE OTHER STATE COMMISSIONS APPROVED SIMILAR AMENDMENTS?**

16 A: Yes. The Arkansas Public Service Commission issued an Order dated October 1, 2010
17 similarly approving Verizon Wireless’ request to amend its earlier order designating
18 Alltel as a competitive ETC to reflect that it is now Verizon Wireless that is serving the
19 designated ETC service area in Arkansas. The Arkansas Commission noted that Alltel
20 had become a wholly-owned, indirect subsidiary of Cellco and now operates collectively
21 and does business as Verizon Wireless. Based on the integration of the network, business
22 operations and subscriber bases, as contemplated and approved by the FCC, the Arkansas

⁸ *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 (2008) (“*Interim Cap Order*”).

1 Commission also observed it was no longer feasible to distinguish one company from
2 another for ETC compliance and reporting purposes.

3 **Q: WWC HAS BEEN DESIGNATED AN ETC FOR A PARTICULAR SERVICE AREA IN SOUTH**
4 **DAKOTA. IS VERIZON WIRELESS SEEKING TO MODIFY THE SCOPE OF THE DESIGNATED**
5 **AREA?**

6 A: Only in one way. Verizon Wireless sought to relinquish ETC status in Golden West
7 study area (SAC 391659). As noted above, the Commission has already approved this
8 relinquishment request. Otherwise, Verizon Wireless is not seeking through the Petition
9 to modify the geographic scope of the Designated Area in any way.

10 **V. VERIZON WIRELESS CONTINUES TO SATISFY THE APPLICABLE**
11 **ETC REQUIREMENTS AND OBLIGATIONS IN SOUTH DAKOTA**

12 **1. Overview of the ETC Requirements**

13 **Q: WHAT ARE THE THRESHOLD REQUIREMENTS THAT MUST BE MET TO SERVE AS A**
14 **COMPETITIVE ETC IN SOUTH DAKOTA?**

15 A: The threshold requirements for designation as an ETC are found in the federal
16 Telecommunications Act and the FCC's universal service rules. To be designated as an
17 ETC, a telecommunications carrier must satisfy the following basic requirements: (1) it
18 must be a "common carrier" under federal law; (2) it must offer the services or
19 functionalities set forth in FCC Rule 54.101(a)(1)-(9) (the "Supported Services") using its
20 own facilities, or a combination of its own facilities and resale of another carrier's
21 services; (3) it must advertise the availability and charges for the Supported Services
22 using media of general distribution; and (4) it must provide the Supported Services
23 throughout the Designated Area upon reasonable request. In an area served by a rural
24 telephone company, the Commission must also be satisfied that the designation is in the
25 public interest. 47 U.S.C. § 214(e)(2).

26

1 **Q: ARE YOU FAMILIAR WITH THE COMMISSION'S RULES FOR ETC DESIGNATION?**

2 A: Yes. The Commission's additional ETC designation and reporting requirements are set
3 forth at A.R.S.D. 20:10:32:42, *et seq.* These rules are generally consistent with the
4 federal requirements, although they require (1) a two-year plan regarding use of support
5 (rather than the federal five-year plan requirement); (2) providing notice to other ETCs in
6 the service area; and (3) require an annual report regarding Lifeline outreach efforts.

7 **Q: DOES THE PETITION INCLUDE INFORMATION DEMONSTRATING VERIZON WIRELESS'**
8 **CONTINUED SATISFACTION OF THESE THRESHOLD ETC REQUIREMENTS?**

9 A: Yes. Because the Petition seeks the *pro forma* amendment and consolidation of RCC's
10 and WWC's prior ETC designation orders, Verizon Wireless included for the
11 Commission's benefit all of the information necessary to demonstrate its continued
12 satisfaction of the applicable ETC requirements and service obligations throughout the
13 Designated Area.

14 **Q: DOES VERIZON WIRELESS CONTINUE TO SATISFY THE APPLICABLE ETC**
15 **REQUIREMENTS IN SOUTH DAKOTA?**

16 A: Yes. Since their ETC designations nearly ten years ago, RCC and WWC have complied
17 with the ETC designation, compliance and reporting requirements provided in the federal
18 rules, as well as the requirements of this Commission. RCC and WWC have regularly
19 filed with the Commission their annual report as required by A.R.S.D. 20:10:32:54,
20 demonstrating their continued satisfaction of the applicable ETC requirements.
21 Similarly, RCC and WWC have annually certified to the Commission their use of federal
22 USF support as required by A.R.S.D. 20:10:32:52. Each year, the Commission has in
23 turn certified RCC's and WWC's use of support, necessarily finding that RCC and WWC
24 were continuing to comply with applicable ETC requirements. Verizon Wireless has
25 likewise complied with the applicable ETC requirements in South Dakota following the

1 Verizon Wireless-RCC and Verizon Wireless-Alltel mergers and integration of the
2 Verizon Wireless and RCC operations serving the Designated Area.

3 **Q: HAS THE COMMISSION ALREADY CONSIDERED WHETHER WWC AND RCC SATISFY THE**
4 **ETC REQUIREMENTS?**

5 A: Yes. In 2001, the Commission designated WWC as an ETC with respect to all non-rural
6 incumbent telephone company wire centers throughout South Dakota.⁹ In 2003 and
7 2005, the Commission designated WWC as an ETC in additional entire non-rural
8 incumbent telephone company study areas.¹⁰

9 In 2005, the Commission designated RCC as an ETC in various non-rural
10 incumbent telephone company wire centers and entire non-rural incumbent telephone
11 company study areas in South Dakota.¹¹ In all of these orders, the Commission
12 necessarily concluded that RCC and WWC satisfy all of the requirements to serve as an
13 ETC.

14

⁹ *In the Matter of the Filing by GCC License Corporation for Designation as an Eligible Telecommunications Carrier*, TC98-146, Order Designating GCC License Corporation as an Eligible Telecommunications Carrier in Non-Rural Telephone Company Exchanges (Oct. 18, 2001) (“*Non-Rural ETC Order*”).

¹⁰ *In the Matter of the Filing by GCC License Corporation for Designation as an Eligible Telecommunications Carrier*, TC98-146, Findings of Fact and Conclusions of Law; Notice of Entry of Order (Oct. 18, 2001) (“*Public Interest Order*”); *In the Matter of the Filing by GCC License Corporation for Designation as an Eligible Telecommunications Carrier*, TC98-146, Order Designating Western Wireless as an ETC for Areas Served by Certain Rural Telephone Companies (Jan. 6, 2001) (“*Rural ETC Order*”); *In the Matter of the Filing by WWC License, LLC d/b/a CellularOne for Designation as an Eligible Telecommunications Carrier in Other Rural Areas*, TC03-191, Amended Order Designating Western Wireless as an Eligible Telecommunications Carrier; Findings of Fact and Conclusions of Law; and Notice of Entry of Order (Jan. 3, 2005) (“*Rural Expansion Order*”).

¹¹ *In the Matter of the Filing by RCC Minnesota, Inc. and Wireless Alliance, LLC, d/b/a Unicel for Designation as an Eligible Telecommunications Carrier*, TC03-139, Order Designating RCC Minnesota, Inc. and Wireless Alliance, LLC, d/b/a Unicel as Eligible Telecommunications Carriers; Findings of Fact and Conclusions of Law; and Notice of Entry of Order (June 6, 2005) (“*RCC Order*”).

1 **2. Verizon Wireless Provides Service as a Common Carrier**

2 **Q: THE FIRST REQUIREMENT TO SERVE AS AN ETC IS COMMON CARRIER STATUS. DOES**
3 **VERIZON WIRELESS CONTINUE TO PROVIDE SERVICE AS A COMMON CARRIER?**

4 A: Yes. A “common carrier” is defined in 47 U.S.C. § 153(10) as a person engaged as a
5 common carrier on a for-hire basis in interstate communications using either wire or
6 radio technology. FCC Rule 20.9(a)(7) specifically provides that commercial mobile
7 radio service, such as that provided by Verizon Wireless, is a common carrier service.

8 **3. Verizon Wireless Offers Each of the Supported Services Using its Own Facilities**

9 **Q: THE SECOND REQUIREMENT TO SERVE AS AN ETC IS THE OBLIGATION TO OFFER THE**
10 **SERVICES OR FUNCTIONALITIES SUPPORTED BY THE FEDERAL UNIVERSAL SERVICE**
11 **SUPPORT MECHANISMS. WHAT ARE THESE SUPPORTED SERVICES?**

12 A: As set forth in FCC Rule 54.101(a)(1)-(9), the FCC has established the following
13 telecommunications services or functionalities as the core services to be offered by an
14 ETC and supported by federal universal service support mechanisms:

- 15 1. Voice-grade access to the public switched telephone network;
- 16 2. Local usage;
- 17 3. Dual tone multi-frequency (“DTMF”) signaling or its functional
18 equivalent;
- 19 4. Single-party service or its functional equivalent;
- 20 5. Access to emergency services;
- 21 6. Access to operator services;
- 22 7. Access to interexchange service;
- 23 8. Access to directory assistance; and
- 24 9. Toll limitation for qualifying low-income consumers.

25 **Q: DOES VERIZON WIRELESS OFFER EACH OF THE SUPPORTED SERVICES IN THE**
26 **DESIGNATED AREA?**

27 A: Yes. Verizon Wireless currently offers, and will continue to offer, the Supported

1 Services as an ETC throughout the Designated Area using its network facilities,
2 consisting of antennas, cell sites, towers, trunking, mobile switching and interconnection
3 facilities. Verizon Wireless' integrated operations afford each of its subsidiaries and
4 affiliates use of the collective facilities and operations to provide wireless services.

5 **Q: COULD YOU BRIEFLY DESCRIBE THE SUPPORTED SERVICES AND EXPLAIN HOW**
6 **VERIZON WIRELESS IS ABLE TO PROVIDE EACH OF THE SERVICES OR**
7 **FUNCTIONALITIES?**

8 A: Yes. I will address each of the Supported Services in turn:

9 a. Voice-grade access to the public switched telephone network means the ability to
10 make and receive phone calls within a voice frequency range of between 300 and 3000
11 Hertz. 47 C.F.R. § 54.101(a)(1). Through its interconnection arrangements with various
12 ILECs, Verizon Wireless' South Dakota subscribers are able to make and receive calls on
13 the public switched telephone network within the FCC's specified bandwidth.

14 b. Local usage. "Local usage" means an amount of minutes of use of exchange
15 service, as prescribed by the FCC, provided free of charge to end users. 47 C.F.R.
16 § 54.101(a)(2). Verizon Wireless includes local usage in each of its currently available
17 service offerings. A description of Verizon Wireless' currently available service
18 offerings is available 24-hours per day, 7-days per week at www.verizonwireless.com.
19 In addition, Verizon Wireless will comply with any and all specific local usage
20 requirements adopted by the FCC in the future and required of all federal ETCs.

21 c. DTMF signaling, or its functional equivalent. DTMF is a method of signaling
22 that facilitates the transportation of call set-up and call detail information. 47 C.F.R.
23 § 54.101(a)(3). Verizon Wireless currently uses out-of-band digital signaling that is
24 functionally equivalent to DTMF signaling.

25

1 d. Single-party service or its functional equivalent. “Single party service” means
2 that only one party will be served by each subscriber loop or access line, in contrast to a
3 multi-party line. The FCC has determined that a wireless carrier satisfies the requirement
4 of offering single party service when it offers a dedicated message path for the length of a
5 user’s particular transmission. 47 C.F.R. § 54.101(a)(4). Verizon Wireless provides a
6 dedicated message path for the duration of each user’s transmission.

7 e. Access to emergency services includes access to services, such as 911 and
8 enhanced 911, provided by local Public Service Answering Points (“PSAPs”). 47 C.F.R.
9 § 54.101(a)(5). The FCC requires that a carrier provide access to enhanced 911
10 (“E911”), which includes the capability of providing both automatic numbering
11 information (“ANI”) and automatic location information (“ALI”) when a PSAP submits a
12 compliant request to the carrier. Verizon Wireless currently provides its customers with
13 access to emergency services by dialing 911 in accordance with this requirement
14 throughout the Designated Areas. Verizon Wireless also delivers both ANI and ALI data
15 to PSAPs capable of receiving and utilizing the data and that have made arrangements for
16 the delivery of the data. Verizon Wireless has fully deployed Phase I and Phase II E911
17 facilities in response to all compliant PSAP requests. Verizon Wireless will continue to
18 work with PSAPs within the Designated Area to make E911 service available pursuant to
19 the FCC’s requirements.

20 f. Access to operator services means any automatic or live assistance provided to a
21 consumer to arrange for the billing or completion, or both, of a telephone call. 47 C.F.R.
22 § 54.101(a)(6). Verizon Wireless provides access to operator services provided by either
23 itself or other entities.

24

1 g. Access to interexchange service is defined as the use of the loop, as well as that
2 portion of the switch that is paid for by the end user, or the functional equivalent of these
3 network elements in the case of a wireless carrier, necessary to access an interexchange
4 carrier's network 47 C.F.R. § 54.101(a)(7). Verizon Wireless provides access to
5 interexchange service by providing its customers with the ability to make and receive
6 interexchange calls through direct interconnection arrangements with several
7 interexchange carriers ("IXCs"). On most of the Verizon Wireless service plans,
8 interexchange calls can be made for no additional charge (*i.e.*, all outgoing minutes are
9 treated the same). Additionally, customers are able to reach other IXCs by dialing the
10 appropriate "1-800" number.

11 h. Access to directory assistance means the ability to provide access to a service that
12 makes directory listings available. 47 C.F.R. § 54.101(a)(8). Verizon Wireless provides
13 all of its customers access to directory assistance by dialing either "411" or "Area Code +
14 555-1212."

15 i. Toll limitation for qualifying low-income consumers. An ETC must offer "toll
16 limitation" services to qualifying Lifeline customers at no charge. 47 C.F.R.
17 § 54.101(a)(9). Toll limitation is defined as either "toll blocking" or "toll control" if a
18 carrier is incapable of providing both, but as both toll blocking and toll control if a carrier
19 can provide both. Toll blocking allows consumers to elect not to allow the completion of
20 outgoing toll calls; toll control allows consumers to specify a certain amount of toll usage
21 that may be incurred per month or per billing cycle. Verizon Wireless' Lifeline service
22 offering includes the ability to make long distance calls without incurring a separate toll
23 charge in satisfaction of FCC Rule 54.101(a)(9).

24

1 **Q: IS VERIZON WIRELESS' NETWORK SERVING THE DESIGNATED AREA ALSO CAPABLE OF**
2 **PROVIDING DATA SERVICES?**

3 A: Yes. Although data services are not presently supported by the federal universal service
4 mechanisms, the same network infrastructure used to provide the Supported Services
5 within the Designated Area is also able to be used in delivering wireless data services.
6 And with new developments in technology and the provisioning of more advanced
7 services, Verizon Wireless' network will be able to deliver even faster data speeds and
8 more capacity in the future.

9 **4. Verizon Wireless Advertises the Availability of, and Corresponding Charges for, the**
10 **Supported Services**

11 **Q: THE THIRD REQUIREMENT TO SERVE AS AN ETC IS THE OBLIGATION TO ADVERTISE**
12 **THE AVAILABILITY OF, AND CHARGES FOR, THE SUPPORTED SERVICES USING MEDIA OF**
13 **GENERAL DISTRIBUTION. DOES VERIZON WIRELESS ADVERTISE THE AVAILABILITY OF,**
14 **AND CORRESPONDING CHARGES FOR, THE SUPPORTED SERVICES?**

15 A: Yes. Verizon Wireless advertises the availability of the Supported Services and the
16 corresponding charges in a manner that informs the general public within the Designated
17 Area of both the available services and the associated rates and charges applicable to the
18 services. Verizon Wireless regularly advertises its services through a variety of
19 advertising media of general distribution, including newspapers, television, radio, public
20 exhibits and billboard displays. Verizon Wireless' website (www.verizonwireless.com)
21 also contains detailed information about the Company's service offerings and is available
22 to consumers 24-hours per day, 7-days per week. In addition, Verizon Wireless offers its
23 services through various retail outlets throughout South Dakota, which provide an
24 additional source of advertising.

25 **5. Verizon Wireless Offers the Supported Services Throughout the Designated Area**

26 **Q: HOW DID THE COMMISSION ESTABLISH THE DESIGNATED AREA?**

27 A: In accordance with Section 214(e)(5) of the federal Telecommunications Act and

1 A.R.S.D. 20:10:32:45, the Commission established the Designated Area to reflect the
2 geographic area where the universal service obligation and USF support eligibility apply
3 based on the traditional “service area” requirement. For areas served by a non-rural LEC,
4 the service area was established on an individual wire center basis. For areas served by a
5 rural LEC, the service area was established based on the company’s study area, which
6 generally consists of all of the certificated exchanges served by the rural LEC in a given
7 state. The non-rural LEC wire centers and rural LEC study areas comprising the
8 Designated Area served by Verizon Wireless are summarized in **Exhibit B** to the
9 Petition.

10 **Q: DOES VERIZON WIRELESS OFFER THE SUPPORTED SERVICES THROUGHOUT THE**
11 **DESIGNATED AREA?**

12 A: Yes. Verizon Wireless holds FCC licenses to provide service throughout the Designated
13 Area. Street-level signal coverage can be viewed at any time by inputting a street address
14 or zip code in the Verizon Wireless Coverage Locator at www.verizonwireless.com.

15 **Q: HOW DOES VERIZON WIRELESS PROVIDE SERVICE TO CONSUMERS WITHIN THE**
16 **DESIGNATED AREA WHO REQUEST SERVICE?**

17 A: In most cases, Verizon Wireless is able to provide service to a requesting subscriber
18 within a matter of hours using standard customer handset equipment and our current
19 service offerings. Therefore, Verizon Wireless is able to fulfill most requests for service
20 within the Designated Area without delay. In the event a potential subscriber resides
21 within the Designated Area, but is outside of existing signal coverage, Verizon Wireless
22 takes the following steps to evaluate the request and determine whether service can be
23 provided within a reasonable period of time and at reasonable cost:

- 24 1. First, Verizon Wireless determines whether the customer’s equipment can
25 be modified or replaced to provide service;

- 1 2. Second, Verizon Wireless determines whether a roof-mounted antenna or
2 other equipment could be deployed to provide service;
- 3 3. Third, Verizon Wireless determines whether adjustments at the nearest
4 cell site could be made to provide service;
- 5 4. Fourth, Verizon Wireless determines whether any other adjustments to
6 either its network or the customer's equipment could be made to provide
7 service;
- 8 5. Fifth, Verizon Wireless explores the possibility of offering resold services
9 of another carrier to provide service; and
- 10 6. Sixth, Verizon Wireless determines whether the leasing or construction of
11 additional network facilities, such as an additional cell site, extender, or
12 repeater, or other similar equipment could be used to provide service, and
13 evaluates the costs and benefits of using federal high-cost universal
14 service support to serve the number of customers requesting service.

15 Verizon Wireless' approach to providing service to requesting subscribers is thus
16 consistent with the requirements of A.R.S.D. 20:10:32:43.01.

17 **Q: DOES VERIZON WIRELESS CONTINUE TO OFFER LIFELINE AND LINK UP ASSISTANCE?**

18 A: Yes. Consistent with federal requirements, Verizon Wireless offers Lifeline and Link Up
19 assistance to all qualifying, low-income subscribers that reside in the Designated Area.

20 **Q: HOW DOES VERIZON WIRELESS PROMOTE THE AVAILABILITY OF LIFELINE AND LINK
21 UP ASSISTANCE?**

22 A: In compliance with 47 C.F.R. § 54.405(b), Verizon Wireless advertises the availability of
23 Lifeline and Link Up assistance in a manner designed to reach those likely to qualify for
24 the assistance in a variety of ways, including advertising on its website and in newspapers
25 serving the Designated Area. Information regarding Verizon Wireless' provision of
26 Lifeline and Link Up is available in both English and Spanish at
27 www.verizonwireless.com/Lifeline. Attached to my Direct Testimony as **Exhibit LS1** is
28 a brochure providing information about Lifeline and Link Up that is available at Verizon
29 Wireless retail stores and at certain governmental offices.

1 Since 2007, the Company has provided annual reports on its outreach Lifeline
2 efforts to the Commission pursuant to A.R.S.D. 20:10:32:55. These annual reports
3 further demonstrate the Company's efforts to promote the availability of Lifeline and
4 Link Up.

5 **6. Verizon Wireless Will Continue to Utilize High-Cost Universal Service Support to**
6 **Improve and Operate the Company's Network Serving the Designated Area**

7 **Q: HOW DOES VERIZON WIRELESS INTEND TO USE THE FEDERAL HIGH-COST UNIVERSAL**
8 **SERVICE SUPPORT IT RECEIVES AS A COMPETITIVE ETC IN SOUTH DAKOTA?**

9 **A:** Every ETC is required by federal law to use the federal universal service support it
10 receives only for the "provision, maintenance, and upgrading of facilities and services for
11 which the support is intended." 47 U.S.C. § 254(e); A.R.S.D. 20:10:32:51. Generally,
12 the permissible uses of support relate to capital expenditures, operating expenses and
13 maintenance/repair expenses associated with providing the Supported Services. Verizon
14 Wireless will, therefore, continue to use the high-cost USF support it receives to provide
15 the Supported Services and to improve, upgrade, operate and maintain its facilities that
16 serve the Designated Area.

17 **Q: HAS VERIZON WIRELESS DEVELOPED ANY PLANS FOR THE PROJECTED USE OF**
18 **FEDERAL HIGH-COST UNIVERSAL SERVICE SUPPORT?**

19 **A:** Yes. Verizon Wireless has developed a service improvement plan for 2011-2012, which
20 was attached to the Petition as **Confidential Exhibit F**. The service improvement plan
21 reflects how Verizon Wireless currently anticipates it will continue to utilize federal high-
22 cost support to improve facilities, services and coverage in the Designated Area through
23 2012. Verizon Wireless does not currently anticipate receiving high-cost support after
24 2012 due to the phase-down requirement. The service improvement plan includes a great
25 deal of information concerning Verizon Wireless' operations and projected service
26 improvements for the Designated Area, including the amount of federal universal service

1 support Verizon Wireless estimates receiving in 2011 and 2012; Verizon Wireless'
2 proposed use of the universal service support; a build-out plan for areas where facilities
3 or sufficient capacity do not yet exist; and an explanation of how universal service
4 support will be used to improve network coverage, signal strength, or capacity that would
5 not otherwise occur, or would not occur on the same schedule, absent the receipt of high-
6 cost support. The service improvement plan also describes projected operating expenses
7 Verizon Wireless will continue to incur for operating and maintaining its network
8 facilities serving the Designated Area.

9 **Q: IS THERE A POTENTIAL FOR CHANGES TO THE PROJECTS IDENTIFIED IN THE SERVICE**
10 **IMPROVEMENT PLAN?**

11 **A:** Perhaps. Verizon Wireless continually evaluates and refines its development plans over
12 time. The projects identified in the service improvement plan have to remain flexible and
13 subject to change in response to a variety of factors, including changes in consumer
14 demand, changes in technology, changes in USF support amounts, and other external
15 factors over which Verizon Wireless has no control. The priority under which a cell site
16 or other network infrastructure is to be constructed or deployed is also subject to change
17 depending upon zoning issues, requests for service and other external factors. Verizon
18 Wireless remains fully prepared to provide periodic updates to Commission Staff
19 regarding its progress toward meeting the plan targets, including any changes or
20 modifications to the plans and projections, and to explain any differences between the
21 projected and actual network expenditures which occur.

22 **Q: WOULD VERIZON WIRELESS BE PROJECTING THESE SAME IMPROVEMENTS AND**
23 **UPGRADES IN SOUTH DAKOTA IF IT WERE NOT PARTICIPATING IN THE FEDERAL**
24 **UNIVERSAL SERVICE PROGRAM?**

25 **A:** No. Verizon Wireless' assumption of the obligations of an ETC and its eligibility to

1 receive universal service support directly affect the Company's investment decisions.
2 The projected service improvement projects, capital expenditures and resultant ongoing
3 operating and maintenance expenses set forth in the plan represent greater levels of
4 investment in South Dakota than Verizon Wireless would ordinarily contemplate if it
5 were not serving the designated area as an ETC, or in some cases represent accelerated
6 scheduling of projects that may not otherwise receive the same priority.

7 **7. Verizon Wireless Has the Ability to Remain Functional During Emergency Situations**

8 **Q: DOES THE VERIZON WIRELESS NETWORK SERVING THE DESIGNATED AREA HAVE THE**
9 **ABILITY TO REMAIN FUNCTIONAL DURING EMERGENCY SITUATIONS?**

10 **A:** Yes, as required by A.R.S.D. 20:10:32:43.03. Verizon Wireless' network is designed to
11 remain functional in emergency situations. Verizon Wireless maintains adequate
12 amounts of back-up power to ensure functionality without an external power source, is
13 able to reroute traffic around damaged facilities, and is capable of managing traffic spikes
14 resulting from emergency situations.

15 **Q: WHAT SPECIFIC STEPS HAS VERIZON WIRELESS TAKEN TO DEAL WITH POTENTIAL**
16 **EMERGENCY SITUATIONS AND POTENTIAL TRAFFIC SPIKES?**

17 **A:** Verizon Wireless has deployed fixed and portable back-up power generators at various
18 locations (*i.e.*, mobile switching centers and cell sites) throughout its network that can be
19 deployed in emergency situations. These back-up power generators are capable of
20 keeping a switch or cell site up and running until power is restored, a portable generator
21 is moved to the location, system changes are made to reroute traffic or a cell site on
22 wheels ("COW") is deployed. Verizon Wireless tests its back-up power generators
23 regularly to ensure functionality. All power equipment including batteries, generators,
24 power distribution racks, etc. are on a stringent preventative maintenance plan to ensure
25 operability, and we have technicians and contractors on stand-by in case of after hours or

1 special event needs. Verizon Wireless also employs a 24-hour Network Operations
2 Center that continually monitors and responds to critical network elements, in addition to
3 our local staff that is on-call 24-hours per day, 7-days per week.

4 Verizon Wireless is also capable of rerouting traffic around damaged or out of
5 service facilities by changing call routing translations as needed. Verizon Wireless is
6 also able to deploy COWs as temporary cell sites when existing facilities are damaged or
7 out of service for longer periods of time. By changing call routing translations or
8 deploying COWs, Verizon Wireless is able to manage traffic spikes throughout its
9 network.

10 **Q: DOES THE VERIZON WIRELESS NETWORK POSSESS REDUNDANCY CHARACTERISTICS?**

11 A: Absolutely. The design and construction of the network inherently includes redundant
12 components that allow for functionality in the case of network breakdown. First, cell
13 sites are constructed in such a way that in many locations their signal coverage overlaps
14 with adjacent cell sites. As a result, subscribers may still have signal coverage from an
15 adjacent cell site in the event of an outage at another cell site. Second, in most areas of
16 the Verizon Wireless network there are other carriers with networks using the same
17 wireless technology. Thus, a Verizon Wireless subscriber may be able to temporarily
18 utilize other networks in the event of outages on the Company's network. Third, the
19 network's connection to the public switched telephone network is accomplished through
20 trunks that have redundant backups, thereby allowing continued connection in the event
21 of a break in the first set of trunks. All of these features ensure that Verizon Wireless has
22 a reliable network that is capable of functioning during emergency situations. Further, as
23 a long-term solution for managing increased traffic levels and traffic spikes, Verizon
24 Wireless will use federal high-cost universal service support to increase capacity at its

1 cell sites, switches and transport facilities in the South Dakota Designated Area.

2 **8. Verizon Wireless Satisfies Applicable Consumer Protection and Service Quality**
3 **Standards**

4 **Q: IS VERIZON WIRELESS COMMITTED TO PROVIDING QUALITY SERVICES?**

5 A: Yes, as required by A.R.S.D. 20:10:32:43.04. Verizon Wireless has implemented and
6 adheres to the CTIA Consumer Code for Wireless Service for its entire wireless operation
7 across the country, not simply those states in which it has obtained ETC status. To
8 maintain CTIA Consumer Code compliance, Verizon Wireless is required to (1) disclose
9 rates and terms of conditions of service; (2) make maps available showing where service
10 is generally available; (3) provide contract terms to customers and confirm changes in
11 service; (4) allow a trial period for new service; (5) provide specific disclosures in
12 advertising; (6) separately identify carrier charges from taxes on billing statements; (7)
13 provide customers the right to terminate service for changes to contract terms; (8) provide
14 ready access to customer service; (9) promptly respond to consumer inquiries and
15 complaints received from government agencies; and (10) abide by policies for the
16 protection of consumer privacy. Verizon Wireless' commitment to the principles,
17 disclosures and practices for voice, messaging and data services sold either on a postpaid
18 or prepaid basis, as set forth in the CTIA Consumer Code, is powerful evidence of its
19 determination to protect consumer interests and achieve the highest quality of service.

20 **Q: IS COMPLIANCE WITH THE CONSUMER CODE THE ONLY INCENTIVE THAT VERIZON**
21 **WIRELESS HAS TO PROVIDE HIGH-QUALITY SERVICE?**

22 A: Absolutely not. Verizon Wireless takes great pride in the high quality of service it
23 provides to customers. The wireless market is highly competitive. Customers demand
24 quality service and will not subscribe to Verizon Wireless' services if we do not provide
25 it. As a result, customer service is an essential element of our marketing and operating

1 philosophy. For example, our customer service centers are available to South Dakota
2 subscribers from 6:00 a.m. to 11:00 p.m. seven days per week. Technical support can be
3 accessed 24-hours per day, 7-days per week.

4 **Q: WILL VERIZON WIRELESS' CONTINUED DESIGNATION AS A COMPETITIVE ETC CREATE**
5 **ANY ADDITIONAL INCENTIVES TO PROVIDE QUALITY SERVICE?**

6 A: Yes. As a competitive ETC, Verizon Wireless will only receive federal universal service
7 support for the subscribers that it actually serves within the Designated Area. Thus, if
8 Verizon Wireless fails to provide quality service, it will lose subscribers, and along with
9 those customers, the corresponding universal service support. This creates a natural
10 incentive for Verizon Wireless, as well as all other ETCs, to continue to provide quality
11 service to consumers.

12 **9. Verizon Wireless Provides Comparable Local Usage Plans**

13 **Q: DOES VERIZON WIRELESS PROVIDE LOCAL USAGE PLANS THAT ARE COMPARABLE TO**
14 **THOSE OFFERED BY THE INCUMBENT LEC IN THE DESIGNATED AREA?**

15 A: Yes, as required by A.R.S.D. 20:10:32:43.05. Attached to my Direct Testimony as
16 **Exhibit LS2** is sales collateral identifying Verizon Wireless' current generally available
17 service offerings. A description of Verizon Wireless' current generally available rate
18 plans is also available at www.verizonwireless.com.

19 All of Verizon Wireless' generally available service offerings include local
20 calling areas that are substantially larger than those offered by the incumbent LECs
21 (including nationwide calling in most Verizon Wireless rate plans). Thus, consumers
22 have the opportunity to select a rate plan that best meets their needs based on the amount
23 of local usage (minutes of use) available within the larger local calling area of each plan.
24

1 **10. Verizon Wireless Can Provide Equal Access**

2 **Q: IS VERIZON WIRELESS CAPABLE OF PROVIDING EQUAL ACCESS TO LONG DISTANCE**
3 **CARRIERS IN THE EVENT THAT NO OTHER ETC IS PROVIDING EQUAL ACCESS WITHIN**
4 **THE DESIGNATED AREA?**

5 **A: Yes, as required by A.R.S.D. 20:10:32:43.06. Verizon Wireless acknowledges that the**
6 **FCC may require it to provide equal access to long distance carriers in the event that no**
7 **other ETC is providing equal access within the Designated Area.**

8 **VI. APPROVAL OF THE PETITION IS IN THE PUBLIC INTEREST**

9 **Q: WOULD APPROVING VERIZON WIRELESS' PETITION BE IN THE PUBLIC INTEREST?**

10 **A: Yes. Approval of the Petition will continue to serve the public interest for a number of**
11 **reasons. The Commission's approval of the Petition will be fully consistent with the**
12 **goals of continuing to preserve and advance universal service, ensure the availability of**
13 **quality telecommunications service at just, reasonable, and affordable rates, and promote**
14 **the deployment of advanced telecommunications and information services to all regions**
15 **of the nation, including rural and high cost areas. As the Commission considers the**
16 **public interest factors identified in A.R.S.D. 20:10:32:43.07, which include the benefits**
17 **of increased consumer choice, the impact of multiple designations upon the universal**
18 **service fund, the unique advantages and disadvantages of the applicant's service offering,**
19 **commitments made regarding the quality of Verizon Wireless' service, and Verizon**
20 **Wireless' ability to timely provide the supported services throughout the Designated**
21 **Area, it will conclude that approval of the Petition will serve the public interest.**

22 Verizon Wireless has shown it has advantageous service offerings, commitments
23 regarding service quality, and the ability to serve consumers within the Designated Area.
24 Each of these public interest criteria will continue to be served by amending the ETC
25 Designation. Most importantly, the approval will continue to promote the benefits of

1 competition by ensuring Verizon Wireless continues to serve the Designated Area as a
2 competitive ETC and will serve consumers because consumers will be aware of Verizon
3 Wireless' obligations as an ETC.

4 **Q: HAS THE COMMISSION PREVIOUSLY DETERMINED THAT COMPETITIVE ETC STATUS IN**
5 **THE DESIGNATED AREA IS IN THE PUBLIC INTEREST?**

6 A: Yes. When it previously designated WWC and RCC as ETC, the Commission
7 determined that it was in the public interest to have competitive ETCs serving the
8 Designated Area. Nothing has changed to warrant a different conclusion at this time.
9 The Supported Services continue to be offered and advertised throughout the same
10 Designated Area. The Designated Area continues to consist of rural and high-cost areas
11 that will benefit from increased competition. And, the continued receipt and expenditure
12 of federal USF support, as well as the availability of Lifeline and Link Up assistance, in
13 these high-cost rural areas continues to be beneficial to consumers and the state of South
14 Dakota.

15 **Q: DID THE FCC ENVISION PUBLIC INTEREST BENEFITS RESULTING FROM THE VERIZON**
16 **WIRELESS-RCC AND VERIZON WIRELESS-ALTEL MERGERS?**

17 A: Yes. When it approved the mergers, the FCC anticipated that it would “result in
18 transaction-specific public interest benefits,” including increased wireless footprint and
19 network coverage; expanded and improved services and features, particularly in rural
20 areas; expanded roll-out of broadband and next-generation services; improvements in
21 service quality; efficiencies and economies of scale and scope; and strengthened
22 competition.¹² The FCC also noted the Company’s commitment to “expeditiously
23 integrate” RCC’s and Alltel’s network with the Verizon Wireless operations, which

¹² *Alltel Merger Order*, ¶ 156; see also *RCC Merger Order* at ¶¶ 92-108.

1 would provide concrete benefits to customers, particularly in rural areas.¹³ Approving
2 Verizon Wireless' Petition to amend the ETC designation orders will simply complete the
3 administrative steps Verizon Wireless initiated to integrate RCC and Alltel and establish
4 the business practices and procedures necessary to continue serving the Designated Area
5 as a competitive ETC.

6 **Q: WOULD APPROVING THE PETITION PROVIDE BENEFITS TO CONSUMERS?**

7 A: Yes. South Dakota consumers will continue to have more choices and better service.
8 Amending the ETC designation orders will ensure that all Verizon Wireless subscribers
9 within the Designated Area continue to benefit from Verizon Wireless' fulfillment of the
10 ETC service obligations and the continued investment of federal high-cost universal
11 service support in the Company's network. The continued receipt of federal USF support
12 enables Verizon Wireless to defray a portion of the significant costs it incurs to construct,
13 expand, improve and maintain the service quality and coverage within the Designated
14 Area. The fact that high-cost support remains available to incumbent and competitive
15 ETCs within the Designated Area indicates the costs of providing services is sufficiently
16 high and allows carriers to offer service in areas that might not be economically feasible
17 to serve absent explicit universal service support. This will continue to provide
18 consumers with more competition and make it more likely that high-cost areas of the
19 State will have access to essential telecommunications services and infrastructure.

20 Verizon Wireless will also continue to offer qualifying, low-income consumers
21 within the Designated Area a choice in their Lifeline/Link Up provider. The mobility of
22 wireless service provides qualifying Lifeline customers an alternative means of
23 communications that they may not currently enjoy.

¹³ *Alltel Merger Order*, ¶¶ 122-156.

1 **VII. SUMMARY OF TESTIMONY**

2 **Q: PLEASE SUMMARIZE YOUR TESTIMONY.**

3 A: Verizon Wireless' Petition, as supported by my previous Certification and this testimony
4 and exhibits, contains all of the information necessary for the Commission to amend the
5 previously issued ETC designation orders. Verizon Wireless continues to satisfy the
6 applicable ETC requirements in South Dakota and commits to continue serving the
7 Designated Area as a competitive ETC consistent with those requirements.

8 **Q: DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A: Yes.

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