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March 16, 2011

### E FILING

Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

Re: In the Matter of the Request of WWC License LLC d/b/a Alltel Communications, LLC  
for Certification Regarding its Use of Federal Universal Service Support, Docket TC10-  
067  
GPNA File 05925.0029

Dear Ms. Van Gerpen:

Last September, the Commission issued an "Order Granting Certification" to WWC License, LLC ("WWC"), which allowed WWC to be eligible to receive federal high-cost universal service support ("USF") in 2011.<sup>1</sup> I am writing to update the Commission on matters relating to that Certification Order.

By way of background, the Commission will recall that before 2009, WWC was a wholly-owned subsidiary of Alltel Corporation. On January 9, 2009, Cellco Partnership d/b/a Verizon Wireless ("Cellco") acquired Alltel Corporation and each of its subsidiaries, such that WWC became a wholly-owned indirect subsidiary of Cellco. As a condition of its acquisition of Alltel Corporation, Cellco was required to divest WWC customers and network assets in South Dakota.<sup>2</sup> On June 22, 2010, the WWC customers and network assets were transferred to AT&T Mobility, LLC. WWC continues to exist after the divestiture and holds assets and customers in

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<sup>1</sup> *In the Matter of the Request of WWC License LLC d/b/a Alltel Communications, LLC for Certification Regarding its Use of Federal Universal Service Support, Docket TC10-067, Order Granting Certification* (rel. Sept. 29, 2010).

<sup>2</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")*.

## GUNDERSON, PALMER, NELSON & ASHMORE, LLP

March 16, 2011

Page - 2 -

markets that were not required to be divested. Through its affiliation with Cellco and its subsidiaries and affiliates operating in South Dakota (collectively, "Verizon Wireless"), WWC continues to satisfy all obligations applicable to its status as an eligible telecommunications carrier ("ETC").

WWC submitted its 2010 Request for Certification (along with its annual ETC report and supporting certification) to the Commission on May 28, 2010, approximately one month prior to the divestiture. Commission Staff then contacted WWC with questions about the effect of the divestiture on WWC's ETC status and the certification process. On September 15, 2010, WWC responded to data requests and also submitted a Supplemental Filing in Support of Certification of WWC License, LLC ("Supplemental Filing.") In the Supplemental Filing, WWC explained that it continued to exist, and to satisfy the ETC obligations, after the divestiture. WWC reiterated its request that the Commission certify WWC's use of support for 2011, and provided all of the information necessary for the Commission to do so. Prior to this Supplemental Filing, Verizon Wireless initiated Docket TC10-090 by submitting a Petition to amend and consolidate the ETC designations held in the names of WWC and RCC Minnesota, Inc. ("RCC") to collectively reflect Cellco and its subsidiaries and affiliates as the ETC serving the consolidated service area (the "Petition"). The Supplemental Filing explained the relationship between the certification process and the Petition. The certification was necessary to preserve WWC's ability to receive support as follows:

As set forth in 47 C.F.R. §§ 54.313 and 54.314, if the Commission fails to annually certify an ETC's receipt of federal high-cost universal service support by October 1, the ETC will be denied any further distributions of such support until the next quarter following the receipt of a subsequent Commission certification....

Although the FCC has adopted safe harbor provisions that allow a "newly designated" ETC to begin receiving federal high-cost universal service support upon the effective date of the designation order, provided the state commission certifies the carrier's receipt of support within 60-days of the order, it is unclear whether the safe harbor provisions would apply in this case. *See* 47 C.F.R. §§ 54.313(d)(3)(vi) and 54.314(d)(6).... As a result, if WWC, as well as RCC, are not certified by October 1, 2010, as eligible to continue receiving federal high-cost universal service support in calendar year 2011, it could jeopardize Verizon Wireless' ability to receive such support for at least the first quarter of 2011, if not longer. And without such support, Verizon Wireless will not be able to invest those additional funds in the construction, operation and maintenance of the facilities that will serve consumers within the Designated Area.<sup>3</sup>

WWC confirmed in the Supplemental Filing that it had discontinued reporting lines under the Study Area Code ("SAC") that had previously been assigned to WWC for South Dakota, *i.e.*,

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<sup>3</sup> Supplemental Filing, pp. 8-9.

## GUNDERSON, PALMER, NELSON & ASHMORE, LLP

March 16, 2011

Page - 3 -

SAC 399002. WWC stated that “Upon approval of Verizon Wireless’ request for amendment and consolidation of the WWC and RCC ETC designations, Verizon Wireless will utilize a new study area code from USAC for purposes of administering the universal service obligations under a consolidated ETC designation.”<sup>4</sup>

The hearing on WWC’s certification request in this docket took place on September 28, 2010. At the hearing, Commission Counsel inquired about the relationship between the certification request, the divestiture, and the relief requested in the Petition. After the hearing, the Commission issued the Order Granting Certification, which granted the relief requested in the Supplemental Filing. The Order Granting Certification also includes the following statement: “Verizon Wireless stated that since it has no customers in South Dakota, it would not be eligible for universal service support unless Verizon’s petition in Docket TC10-090 is granted.”<sup>5</sup>

WWC recognizes that language of the Commission’s Certification Order may present a unique set of circumstances in South Dakota, so it wants to ensure the Commission is apprised of the process and schedule under which it has reported lines to the Universal Service Administrative Company (“USAC”). Since last fall, WWC has submitted line count reports to USAC under SAC 399018 (the new SAC assigned to WWC in South Dakota). As required by the FCC’s rules, the first line count reports submitted under SAC 399018 were submitted by September 30, 2010, subsequent filings were made in December 2010, and the next quarterly filing must be made by March 30, 2011. These line count reports generally correspond with support to be disbursed in 2011. In response to these line count reports, USAC began disbursing support under SAC 399018 in January 2011. No support was disbursed under SAC 399018 in 2010.

The line count reports submitted under SAC 399018 include all lines served in the designated area associated with SAC 399018 (*i.e.*, the area for which the Commission had designated WWC as an ETC, other than the Golden West SAC 391659 area that has since been relinquished). Since the September 28, 2010 hearing, Verizon Wireless personnel involved with the ETC program learned that because the WWC customers required to be divested were separated by NPA-NXX number blocks (*i.e.*, telephone numbers) rather than by geographic boundaries, approximately 5,000 WWC customers with billing addresses in South Dakota were not transferred to AT&T Mobility.<sup>6</sup> Accordingly, the line count reports submitted under SAC 399018 have included the approximately 5,000 retained customers formerly served by WWC

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<sup>4</sup> Supplemental Filing, p. 10.

<sup>5</sup> At the time of the September hearing, Verizon Wireless was attempting to obtain a hearing date in 2010 or early in 2011.

<sup>6</sup> During the September 2010 hearing the existence of these retained South Dakota customers was not know to the Verizon Wireless representatives.

## GUNDERSON, PALMER, NELSON & ASHMORE, LLP

March 16, 2011

Page - 4 -

prior to the Verizon Wireless-Alltel merger, as well as all lines that were previously served by Cellco or its other subsidiaries prior to the merger.

WWC filed these line count reports because of the uncertainty, explained above, about the applicability of the FCC's 60-day "safe harbor" rule. These line count reports were filed as a protective measure, in order to preserve the ability to receive support in 2011 pending the Commission's decision in Docket TC10-090. WWC's intent was to maintain the status quo, and ensure that (assuming the Commission grants the Petition) there would not be any interruption in the availability of support to be used for the benefit of South Dakota consumers.

USAC's line count filing procedures for competitive ETCs require the carrier to indicate whether it has received an ETC designation for each wire center, study area or cost zone in which the carrier serves lines. By entering "yes," the carrier indicates that it has received an ETC designation in the specific wire center, study area or cost zone; by entering "no," the carrier indicates that it is not designated in that specific area. In this case, because WWC continues to serve as an ETC in South Dakota, WWC filed all lines under SAC 399018 as being within areas for which it has received ETC designation in South Dakota. The alternative would have required WWC to indicate on the line count reports that it is not an ETC in South Dakota, which we did not understand to be the intent of the Commission's Certification Order. Further, failure to file the line counts may have resulted in an unintended negative impact to available support in South Dakota.

The Commission may be aware that it is Verizon Wireless' position before the FCC and other State commissions that its designated ETC subsidiaries are entitled, under FCC rules, to report all lines currently served throughout the entire service area in which the subsidiary is designated, even though other customers or assets in that area may have been divested. Thus, it is Verizon Wireless' position that WWC is entitled to report all lines currently served in its South Dakota designated service area under SAC 399018. Depending on the ultimate decisions of this Commission and the FCC, however, WWC recognizes that it may be required in the future to revise its prior line count reports filed under SAC 399018.

If you have any questions, please feel free to contact me and I will make Verizon Wireless representatives available as necessary to explain in more detail.

Sincerely,



Talbot J. Wiczorek

TJW:klw

C: Kara Semmler/Bob Knadle