

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)**

Docket No. TC10-090

REBUTTAL TESTIMONY OF

LINDA STEVENS

ON BEHALF OF

VERIZON WIRELESS

MARCH 16, 2011

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1 **I. PURPOSE OF TESTIMONY**

2 **Q: PLEASE IDENTIFY YOURSELF FOR THE COMMISSION.**

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: ARE YOU THE SAME LINDA STEVENS THAT FILED DIRECT TESTIMONY IN THIS**
7 **PROCEEDING ON JANUARY 7, 2011?**

8 A: Yes.

9 **Q: SINCE FILING YOUR DIRECT TESTIMONY, HAVE YOU HAD AN OPPORTUNITY TO REVIEW**
10 **THE DIRECT TESTIMONY FILED BY PETER BLUHM ON BEHALF OF JAMES VALLEY**
11 **WIRELESS, LLC (“JAMES VALLEY WIRELESS”)?**

12 A: Yes I have.

13 **Q: WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

14 A: Mr. Bluhm’s direct testimony contains a number of factual errors and misunderstandings.
15 My rebuttal testimony is limited to two purposes: to clarify certain factual inaccuracies in
16 Mr. Bluhm’s direct testimony, and to answer some of the questions raised in his direct
17 testimony.

18 **Q: DO YOU HAVE ANY PRELIMINARY OBSERVATIONS ABOUT MR. BLUHM’S USE OF THE**
19 **TERM “CELLCO” THROUGHOUT HIS DIRECT TESTIMONY?**

20 A: Yes. I found his direct testimony confusing because sometimes he uses the term “Cellco”
21 to refer strictly to Cellco Partnership d/b/a Verizon Wireless, and other times he uses the
22 term “Cellco” to generally refer to the entities collectively providing service in South
23 Dakota under the Verizon Wireless brand name. For example, Mr. Bluhm claims that
24 “Cellco” submitted certifications to the Federal Communications Commission (“FCC”),
25 Universal Service Administrative Company (“USAC”), and the Commission after the

1 Verizon Wireless-Alltel merger.¹ That statement is incorrect. WWC License, LLC
2 (“WWC”) and RCC Minnesota, Inc. (“RCC”), not Cellco, submitted certifications,
3 consistent with WWC’s and RCC’s status as designated federal eligible
4 telecommunications carriers (“ETCs”).

5 Throughout my testimony, I will use “Cellco” to refer specifically to Cellco
6 Partnership d/b/a Verizon Wireless. Other entities will be referred to as follows: “WWC”
7 means WWC License, LLC d/b/a Verizon Wireless; “RCC” means RCC Minnesota, Inc.
8 d/b/a Verizon Wireless; and “Verizon Wireless” means Cellco and all of its subsidiaries
9 and affiliates offering commercial mobile radio service (“CMRS”) in South Dakota,
10 including RCC and WWC. I will use the term “the Designated Area” to describe the
11 geographic area in which RCC and WWC have been designated as federal ETCs. I will
12 use the term “the Divestiture” to refer to the June 22, 2010 transfer of assets and
13 customers from WWC to AT&T Mobility, LLC (“AT&T Mobility”).

14 **Q: DO YOU AGREE WITH MR. BLUHM’S SUGGESTIONS THAT THE PETITION IN THIS**
15 **MATTER REQUESTS EITHER A “NEW” ETC DESIGNATION OR THE “TRANSFER” OF AN**
16 **ETC DESIGNATION?**

17 **A:** No. The Petition is not an application for a new ETC designation, nor is it an application
18 to “transfer” an ETC designation. Instead, the relief requested in the Petition is as
19 follows: Verizon Wireless seeks to amend and consolidate the South Dakota ETC
20 designations currently held in the names of WWC and RCC to reflect Cellco and its
21 affiliated entities – *i.e.*, Verizon Wireless – as the entity serving the designated area as an
22 ETC. Verizon Wireless has presented ample evidence, including the Petition, my
23 certification in support of the Petition, my Direct Testimony, and the Direct Testimony of

¹ Bluhm Direct Testimony, p. 28. All references are to the version of Mr. Bluhm’s Direct Testimony with errata noted in redline format.

1 Don J. Wood, establishing that it continues to satisfy all applicable ETC requirements.
2 Therefore, the Petition should be granted. As far as I can tell, only pp. 40-42 of Mr.
3 Bluhm’s testimony seek to address the question of whether Verizon Wireless continues to
4 satisfy the applicable requirements of an ETC. Accordingly, I will start by responding to
5 that section of his testimony. The remainder of Mr. Bluhm’s testimony appears to address
6 issues that are not responsive to the Petition, so I will address those issues later in my
7 rebuttal testimony.

8 **II. VERIZON WIRELESS CONTINUES TO SATISFY THE ETC REQUIREMENTS**

9 **Q: DOES MR. BLUHM DISPUTE VERIZON WIRELESS’ CONTINUED SATISFACTION OF THE**
10 **APPLICABLE ETC REQUIREMENTS?**

11 A: No. Instead, as I will address on a point-to-point basis below, Mr. Bluhm attempts to
12 raise concerns about issues that are outside of the applicable ETC requirements. He
13 repeatedly provides little more than speculation and vague questions, without any factual
14 support, in an apparent attempt to cast doubt on Verizon Wireless’ satisfaction of a few of
15 the requirements.

16 **Q: DOES MR. BLUHM DISPUTE THAT VERIZON WIRELESS IS A COMMON CARRIER?**

17 A: No. In my Direct Testimony, I explained that CMRS service, such as that provided by
18 Verizon Wireless, is a common carrier service.²

19 **Q: DOES MR. BLUHM DISPUTE THAT VERIZON WIRELESS CONTINUES TO OFFER EACH OF**
20 **THE NINE “SUPPORTED SERVICES”?**

21 A: No. As I explained in my Direct Testimony, the FCC has established nine “Supported
22 Services” as the core services to be offered by an ETC.³ Mr. Bluhm does not dispute that
23 Verizon Wireless continues to offer each of the Supported Services. But, he does

² Stevens Direct Testimony, p. 17.

³ Stevens Direct Testimony, p. 17.

1 suggest, without further explanation, that Verizon Wireless has not explained whether or
2 how it provides “toll blocking” to retail subscribers.⁴

3 **Q: HOW DO YOU RESPOND TO HIS STATEMENT ABOUT TOLL BLOCKING?**

4 A: As I described in my Direct Testimony, an ETC must offer “toll limitation” to qualifying
5 Lifeline customers.⁵ “Toll limitation” is defined as either “toll blocking” or “toll control”
6 if a carrier is incapable of providing both. The requirement to offer toll limitation was
7 established by the FCC to address the concern that low-income customers might incur
8 excessive toll charges for long distance calls that they could not pay, which might then
9 lead to such customers having their local service terminated.

10 All Verizon Wireless customers, including Lifeline customers, receive nationwide
11 long distance calling without being subject to any separate toll charges. The fact that
12 Lifeline customers do not incur separate toll charges is clearly stated on Exhibit LS1
13 (attached to my Direct Testimony). Therefore, there is no toll to block or to limit. The
14 concern for which the toll limitation requirement was developed does not exist as to
15 Verizon Wireless’ Lifeline customers – they are all able to make long distance calls
16 without incurring separate toll charges.

17 **Q: DOES MR. BLUHM DISPUTE THAT VERIZON WIRELESS CONTINUES TO ADVERTISE THE**
18 **AVAILABILITY OF, AND CHARGES FOR, THE SUPPORTED SERVICES THROUGHOUT THE**
19 **DESIGNATED AREA?**

20 A: No. As I explained in my Direct Testimony, Verizon Wireless continues to regularly
21 advertise through a variety of advertising media, on its website, and at its retail
22 locations.⁶

⁴ Bluhm Direct Testimony, p. 41.

⁵ Stevens Direct Testimony, p. 20.

⁶ Stevens Direct Testimony, p. 21.

1 **Q: DOES MR. BLUHM DISPUTE THAT VERIZON WIRELESS CONTINUES TO OFFER THE**
2 **SUPPORTED SERVICES THROUGHOUT THE DESIGNATED AREA?**

3 A: He does not directly challenge Verizon Wireless' ability to offer the Supported Services
4 throughout the Designated Area. Mr. Bluhm also acknowledges the existence of Verizon
5 Wireless' six-step process for providing service upon reasonable request (as described at
6 pp. 22-23 of my Direct Testimony), and he does not raise any issue with the adequacy of
7 that process. Mr. Bluhm does speculate, though, that Verizon Wireless does not
8 adequately make customers aware, either "at intake, or through periodic notices," of the
9 fact that they may submit a request for service to be extended if they are outside Verizon
10 Wireless' current coverage.⁷

11 **Q: IS THERE ANY MERIT TO MR. BLUHM'S SUGGESTION THAT THE COMMISSION INQUIRE**
12 **WHETHER CUSTOMERS ARE INFORMED, "AT INTAKE, OR THROUGH PERIODIC NOTICES,"**
13 **OF THE PROCESS FOR EXTENDING SERVICE UPON REASONABLE REQUEST?**

14 A: No. Mr. Bluhm's concern is entirely speculative. The "questions" he has merely
15 demonstrate that he does not understand that the six-step process is already built into
16 Verizon Wireless' customer service systems.

17 I am not aware of any requirement that customers be apprised, at point-of-sale,
18 through periodic notices, or through any other means, of the existence of the six-step
19 process for extending service upon reasonable request. No such requirement would be
20 necessary, because Verizon Wireless' existing customer service processes already include
21 a mechanism for customers to seek the extension of service, if necessary. Each new
22 customer can try Verizon Wireless' service for 14 days. If unsatisfied with the service,
23 the customer can cancel service with no early termination fees if the phone is returned,
24 and can choose a different carrier. If a customer were dissatisfied with the level of

⁷ Bluhm Direct Testimony, p. 41.

1 service at their home or business, he or she would contact Verizon Wireless. Verizon
2 Wireless' customer service number is heavily advertised and widely available. When the
3 customer contacts customer service and reports a coverage problem, their call is handled
4 in accordance with the six-step process. If the issue is not resolved by modifying or
5 replacing the customer's handset, Verizon Wireless will open a Trouble Ticket and
6 provide the customer with a Request for Service Application after verifying the
7 customer's billing address is within the Designated Area. Once received, the Executive
8 Relations Department opens an ETC Compliance Ticket and assigns it to the local
9 System Performance Engineer (SPE). The SPE evaluates the service request by
10 completing the Request for Service Checklist which includes the evaluation findings and
11 recommended resolution. The SPE forwards the checklist to the Request for Service
12 Analyst who corresponds to the customer by letter. The letter to the customer includes
13 the evaluation and resolution findings. Finally, the annual ETC reports provided to the
14 Commission each year identify the number of and reasons for any unfulfilled requests for
15 service.

16 **Q: DOES MR. BLUHM DISPUTE THAT VERIZON WIRELESS CONTINUES TO OFFER LIFELINE**
17 **AND LINK UP ASSISTANCE?**

18 A: No. As I explained in my Direct Testimony, Verizon Wireless continues to offer Lifeline
19 and Link Up Assistance to all qualifying, low-income subscribers within the Designated
20 Area.⁸ Mr. Bluhm does suggest, however, that Verizon Wireless has not adequately
21 advertised the availability of Lifeline service.⁹

⁸ Stevens Direct Testimony, p. 23.

⁹ Bluhm Direct Testimony, pp. 41-42.

1 **Q: HOW DO YOU RESPOND TO HIS SUGGESTION THAT THE COMMISSION SHOULD EXAMINE**
2 **THE ADEQUACY OF VERIZON WIRELESS' LIFELINE AND LINK UP ADVERTISING?**

3 A: I disagree. Mr. Bluhm offers no facts or explanation for his suggestion. He ignores the
4 fact that the Commission already has ample information demonstrating that Verizon
5 Wireless continues to advertise the availability of Lifeline and Link Up Assistance. In
6 the course of their annual ETC compliance filings to the Commission, RCC and WWC
7 have included information about the Verizon Wireless Lifeline and Link Up outreach
8 efforts, including descriptions and examples of specific Lifeline advertising. In addition
9 to the examples the commission has already reviewed, my direct testimony included
10 Exhibit LS1, a brochure providing information about Lifeline and Link Up that is
11 available at Verizon Wireless retail stores and at certain governmental offices. A list of
12 the government offices to which such brochures were sent in 2010, and a recent example
13 of the newspaper ads Verizon Wireless places, are attached to this rebuttal testimony as
14 **Exhibit LS3.**

15 Moreover, the Commission already has in place a requirement that a new
16 customer residing within an ETC's designated service area must be provided written
17 notification of the Lifeline/Link Up assistance programs within 30 days of service
18 activation. A.R.S.D. 20:10:32:55. Verizon Wireless continues to comply with this
19 requirement. Mr. Bluhm's suggestion should therefore be rejected, as the Commission
20 has ample information demonstrating the sufficiency of Verizon Wireless' continued
21 Lifeline/Link Up outreach efforts.

1 **Q: WHAT IS YOUR RESPONSE TO MR. BLUHM’S CRITICISM REGARDING WWC’S**
2 **COMMUNICATION WITH LIFELINE CUSTOMERS TRANSFERRED TO AT&T MOBILITY IN**
3 **THE DIVESTITURE?**

4 A: Mr. Bluhm suggests that Lifeline customers who were transferred to AT&T Mobility as a
5 result of the Divestiture should have been notified that they would no longer receive
6 Lifeline benefits once they were transferred to AT&T Mobility.¹⁰ There is no basis for
7 this suggestion.

8
9 There was no specific requirement that WWC inform these customers of what the
10 service offerings would be once they became customers of AT&T Mobility. AT&T
11 Mobility presumably sent notices to these new customers explaining that they were now
12 AT&T Mobility customers. Also, WWC did not fail to provide notice to these Lifeline
13 customers, because WWC could not have notified these customers regarding the potential
14 change in Lifeline service. Prior to the Divestiture, service was provided to these
15 customers by WWC under the control and supervision of a Management Trustee. One of
16 the reasons why WWC’s operations were separately managed by the Management
17 Trustee was to prevent Verizon Wireless from contacting the WWC customers to be
18 divested in the period leading up to the Divestiture. WWC could not have known AT&T
19 Mobility’s plans for how AT&T Mobility would serve the divested customers. In
20 addition, if the divested customers wanted to receive Lifeline service after the
21 Divestiture, they could always cancel their service from AT&T Mobility and sign up for
22 Lifeline service with Verizon Wireless or an incumbent ETC.

23 Second, Mr. Bluhm’s statement does not appear to be limited to the Lifeline
24 subscribers who were served by WWC pursuant to the Commission’s ETC designation.

¹⁰ Bluhm Direct Testimony, pp. 41-42.

1 It appears that he is also including Lifeline subscribers who were tribal members residing
2 on the Pine Ridge Reservation, who were served by WWC pursuant to a separate ETC
3 designation granted by the FCC. ETC compliance issues relating to those subscribers, if
4 any, were addressed by the FCC. And in any case, AT&T Mobility committed to provide
5 those subscribers with the same level of discounts for a year as it awaits its own ETC
6 designation to serve tribal members residing on the Pine Ridge Reservation.¹¹
7 Accordingly, it appears that no notice was necessary for those subscribers because AT&T
8 Mobility continued to provide them with discounts that were functionally the same as
9 Lifeline service.

10 **Q: DOES MR. BLUHM DISPUTE THAT VERIZON WIRELESS WILL CONTINUE TO USE HIGH-**
11 **COST UNIVERSAL SERVICE SUPPORT TO IMPROVE AND OPERATE THE NETWORK**
12 **SERVING THE DESIGNATED AREA?**

13 A: No. As I explained in my Direct Testimony, every ETC is required to use the federal
14 universal service support it receives only for the provision, maintenance, and upgrading
15 of facilities and services for which the support is intended.¹² WWC and RCC have done
16 so, and support continues to be used for the intended purposes.

17 Verizon Wireless has developed a service improvement plan for South Dakota for
18 2011-2012, which was attached to the Petition as Confidential Exhibit F. The service
19 improvement plan includes a projected build-out plan for areas where facilities or
20 sufficient capacity do not yet exist and other detailed information relating to the projected
21 uses of high-cost universal service support. Mr. Bluhm does not provide any specific

¹¹ *Petition of AT&T Mobility LLC for Designation as an Eligible Telecommunications Carrier and Transfer of the Alltel Pine Ridge Reservation Eligible Telecommunications Carrier Designation*, WC Docket No. 09-197 (filed July 30, 2010) at 4, n.8 (“[t]his means, ETC designation or not, that AT&T will provide discounted service to those low income persons who were receiving discounted service from [WWC] for one year.”)

¹² Stevens Direct Testimony, p. 24.

1 comment on Verizon Wireless' South Dakota service improvement plan or the
2 anticipated receipt and proposed use of support, but he does assert that the Commission
3 should ask for an accounting of support received in 2009 and 2010.¹³

4 **Q: HOW DO YOU RESPOND TO MR. BLUHM'S SUGGESTION THAT AN ACCOUNTING BE**
5 **PERFORMED FOR SUPPORT RECEIVED IN 2009 AND 2010?**

6 A: His suggestion makes no sense. The Commission has already received and reviewed
7 information describing the use of the support, and the Commission's annual ETC
8 reporting requirement ensures the Commission can continue to do so. In the summer of
9 2009, RCC and WWC provided ETC annual reports to the Commission. These annual
10 reports included service improvement plans with detailed information about the projected
11 use of the support to be received in 2009 and 2010. The ETC annual reports were
12 accompanied by certifications in which RCC and WWC each certified that support would
13 only be used consistent with Section 254(e). In an August 12, 2009 letter, RCC provided
14 follow-up information to the Commission concerning the effect of the Verizon Wireless-
15 RCC merger on the ownership of specific facilities. Based on the reports, certifications
16 and follow-up information, the Commission certified RCC's and WWC's use of support
17 to USAC and the FCC.¹⁴ The Commission's certifications confirm that it has already
18 received adequate information about the uses of support.

19 In the summer of 2010, RCC and WWC again each submitted ETC annual reports
20 to the Commission. These annual reports contained a progress report updating the
21 Commission on how universal service support received in 2009 had been used. They
22 also contained service improvement plans with detailed information about the projected

¹³ Bluhm Direct Testimony, p. 30.

¹⁴ See Dockets TC09-068 (WWC) and TC09-071 (RCC).

1 use of support to be received in 2010 and 2011. Again, the ETC annual reports were
2 accompanied by certifications in which RCC and WWC each certified that support would
3 only be used consistent with Section 254(e). Based on RCC's report and certification, the
4 Commission certified RCC's use of support to USAC and the FCC, confirming that the
5 Commission received adequate information about RCC's use of support.¹⁵

6 As to WWC, its 2010 ETC annual report and certification had been submitted to
7 the Commission only a few weeks before the June 22, 2010 divestiture to AT&T
8 Mobility. Commission Staff then issued data requests to WWC seeking additional
9 information. On September 15, 2010, WWC provided responses to Staff's data requests,
10 along with a supplemental filing describing in detail how the Divestiture did not inhibit
11 the Commission from certifying WWC as eligible to receive support. The supplemental
12 filing explained how WWC continued to exist and provide services as an ETC in
13 conjunction with the integrated Verizon Wireless operations in South Dakota. The
14 supplemental filing referenced the Petition in this case, which was filed around the same
15 time. Based on all of this information, the Commission certified WWC's use of support
16 to USAC and the FCC, confirming that the Commission had received adequate
17 information about WWC's use of support.¹⁶

18 Finally, Verizon Wireless plans to submit a consolidated annual ETC report and
19 certification to the Commission in the summer of 2011, which will include a progress
20 report concerning how high-cost universal service funding has been used in 2010.
21 Therefore, no additional accounting is needed – the Commission has already received and
22 reviewed detailed information documenting RCC's and WWC's use of support for the

¹⁵ See Docket TC10-055.

¹⁶ See Docket TC10-067.

1 intended purposes, and additional information will be provided in the upcoming 2011
2 ETC annual report.

3 The fact that the Commission certified RCC's and WWC's use of support also
4 refutes Mr. Bluhm's suggestion that the Commission was not fully informed about
5 universal service matters relating to RCC and WWC when it certified their use of
6 support.¹⁷ Both in 2009 and 2010, the information provided by RCC and WWC to the
7 Commission in the course of the annual ETC reporting and certification process explicitly
8 referenced the respective mergers and related issues. The Commission's 2010
9 certification of RCC's and WWC's use of support was issued after the Petition was filed,
10 and after the supplemental certification filing was submitted. These documents informed
11 the Commission of the issues about which Mr. Bluhm is now trying to create controversy.

12 **Q: DOES MR. BLUHM MAKE ANY OTHER STATEMENTS REGARDING THE RECEIPT OF HIGH-
13 COST UNIVERSAL SERVICE SUPPORT?**

14 A: Mr. Bluhm attempts to question Verizon Wireless' commitment to serve as an ETC in
15 South Dakota in 2013 and thereafter, when the completion of the phase-down is currently
16 scheduled to result in Verizon Wireless receiving zero high-cost universal service
17 support.¹⁸ His questions assume that when Verizon Wireless ceases to receive support, it
18 will no longer be an ETC. This assumption is wrong. Unless and until Verizon Wireless
19 relinquishes its ETC status, it must continue to comply with the ETC obligations in South
20 Dakota, even though it may not receive any high-cost universal service support.

21 Moreover, as Mr. Bluhm should be aware, the FCC has recently reiterated its
22 intent to reform the entire universal service system. Verizon Wireless' phase-down

¹⁷ Bluhm Direct Testimony, pp. 28-30.

¹⁸ Bluhm Direct Testimony, p. 40.

1 commitment provides that when the FCC adopts a new mechanism for the distribution of
2 high-cost universal service support to competitive ETCs, the phase-down requirement
3 will no longer apply.¹⁹ Mr. Bluhm’s speculation about what might happen in 2013 and
4 beyond should therefore be ignored.

5 **Q: DOES MR. BLUHM DISPUTE THAT VERIZON WIRELESS CONTINUES TO MAINTAIN THE**
6 **ABILITY TO REMAIN FUNCTIONAL DURING EMERGENCY SITUATIONS?**

7 A: No. I described in my Direct Testimony how Verizon Wireless continues to maintain
8 adequate amounts of back-up power to ensure functionality without an external power
9 source, is able to reroute traffic around damaged facilities, and is capable of managing
10 traffic spikes resulting from emergency situations.²⁰

11 **Q: DOES MR. BLUHM DISPUTE THAT VERIZON WIRELESS CONTINUES TO SATISFY**
12 **APPLICABLE CONSUMER PROTECTION AND SERVICE QUALITY STANDARDS?**

13 A: No. Verizon Wireless continues to provide high-quality service, and has a natural
14 business incentive to continue to do so. Verizon Wireless has also implemented the
15 CTIA Consumer Code for Wireless Service for its entire operations across the United
16 States.²¹

17 **Q: DOES MR. BLUHM QUESTION THE EXTENT AND QUALITY OF VERIZON WIRELESS’**
18 **SERVICE?**

19 A: Yes, he claims to have “some doubt” about the extent and quality of service, but his
20 explanation is extremely vague.²² If he is trying to suggest that Verizon Wireless’
21 facilities do not provide signal coverage to a substantial portion of the Designated Area,

¹⁹ *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*”), ¶ 196.

²⁰ Stevens Direct Testimony, pp. 26-28.

²¹ Stevens Direct Testimony, pp. 28-29.

²² Bluhm Direct Testimony, p. 42.

1 he is wrong. Attached as **Exhibit LS4** is a screenshot from the coverage locator on
2 Verizon Wireless' website. It shows the extent of Verizon Wireless' signal coverage in
3 South Dakota. Verizon Wireless' coverage includes approximately 92% of South
4 Dakotans. And, if a customer is outside of the current coverage, he or she can request
5 that service be extended pursuant to the six-step process I previously discussed.

6 **Q: HOW DO YOU RESPOND TO MR. BLUHM'S OTHER ALLEGATIONS ABOUT THE EXTENT**
7 **AND QUALITY OF VERIZON WIRELESS' SERVICE?**

8 A: I'm not sure what the point of Mr. Bluhm's testimony is, but as far as I can tell his
9 "doubt" may be based on the notion that because WWC network assets were divested, the
10 Supported Services can no longer be provided by Verizon Wireless.²³ As I explained in
11 my Direct Testimony, the integrated Verizon Wireless network and operations in South
12 Dakota are available to each of the affiliated entities and are used collectively to offer and
13 provide the Supported Services within the Designated Area.²⁴

14 As Mr. Bluhm should be aware, ETC designation does not require that a carrier
15 have title to all the facilities it uses to provide service. When analyzing the requirement
16 that an ETC use its "own facilities," the carrier is deemed to have the "beneficial use" of
17 all facilities held in the name of its corporate affiliates. In other words, the affiliate's
18 facilities are effectively "owned" by the ETC. Mr. Bluhm's vague "doubt" about the
19 extent and quality of Verizon Wireless' is unfounded.

²³ Bluhm Direct Testimony, pp. 42 and 9.

²⁴ Stevens Direct Testimony, pp. 17-18.

1 **Q: DOES MR. BLUHM DISPUTE THAT VERIZON WIRELESS CONTINUES TO OFFER A**
2 **COMPARABLE LOCAL USAGE PLAN?**

3 A: It's not clear. Mr. Bluhm acknowledges my Direct Testimony, in which I explained that
4 all of Verizon Wireless' generally available service offerings include local usage.²⁵ But,
5 he suggests that Verizon Wireless has not provided enough "details" about the local
6 usage in its service offerings sufficient to demonstrate that Verizon Wireless offers local
7 usage comparable to that offered by the incumbent local telephone companies in the
8 Designated Area.²⁶

9 His assertion is not explained, and is puzzling, because all of the details of the
10 service offerings are set forth in Exhibit LS2 to my Direct Testimony. All of the details
11 are also available 24 hours per day, 7 days per week at www.verizonwireless.com. It is
12 readily apparent from Exhibit LS2 that not only do all of Verizon Wireless' generally
13 available service offerings include varying amounts of local usage, but most of the plans
14 also include a nationwide local calling area, unlimited night and weekend minutes, and
15 unlimited calling to other Verizon Wireless customers. In addition, RCC's and WWC's
16 annual ETC reports to the Commission have included certifications that RCC and WWC
17 continue to provide comparable local usage. Mr. Bluhm has not identified any way in
18 which Verizon Wireless' local usage is not "comparable" to, if not better than, that
19 provided by the incumbent ETCs.

²⁵ Stevens Direct Testimony, pp. 29-30.

²⁶ Bluhm Direct Testimony, p. 40.

1 **Q: DOES MR. BLUHM SUGGEST THAT WWC OR RCC WERE REQUIRED TO PROVIDE A**
2 **“BASIC UNIVERSAL SERVICE,” OR “BUS,” SERVICE OFFERING?**

3 A: Yes, he claims that the Commission “may have previously required” WWC to do so,²⁷
4 but he does not provide any basis for his suggestion. The Commission Orders granting
5 ETC designation to WWC in 2001, 2003, and 2005 do not reference any requirement to
6 provide a BUS plan. Likewise, the Commission Order granting ETC designation to RCC
7 in 2005 does not reference a BUS plan.

8 **Q: DOES MR. BLUHM DISPUTE VERIZON WIRELESS’ CONTINUED WILLINGNESS TO**
9 **PROVIDE EQUAL ACCESS TO LONG DISTANCE CARRIERS IN THE EVENT THAT NO OTHER**
10 **ETC IS PROVIDING EQUAL ACCESS WITHIN THE DESIGNATED AREA?**

11 A: No. As I described in my Direct Testimony, Verizon Wireless continues to acknowledge
12 that the FCC may require it to provide equal access to long distance carriers in the event
13 that no other ETC is providing equal access within the Designated Area.²⁸

14 **Q: WITH THESE RESPONSES TO MR. BLUHM’S ALLEGATIONS ABOUT VERIZON WIRELESS’**
15 **CONTINUED SATISFACTION OF THE APPLICABLE ETC REQUIREMENTS, IS THERE ANY**
16 **ISSUE LEFT UNANSWERED RELATING TO THE PETITION?**

17 A: Not that I am aware of. Mr. Bluhm’s testimony relating to the ETC requirements is
18 vague and factually unsupported. My rebuttal testimony answers the questions he raised.
19 Verizon Wireless continues to satisfy all of the ETC requirements. Therefore
20 Commission should have all the information it needs to grant the Petition.

²⁷ Bluhm Direct Testimony, pp. 40-41.

²⁸ Stevens Direct Testimony, p. 30.

1 **III. CLARIFICATION OF THE RCC AND WWC ETC DESIGNATIONS AND**
2 **EFFECT OF THE VERIZON WIRELESS MERGERS**

3 **1. Identification of the ETC Designations**

4 **Q: CAN YOU SUMMARIZE THE ETC DESIGNATIONS THAT NEED TO BE UNDERSTOOD IN THE**
5 **COURSE OF THIS PROCEEDING?**

6 A: Yes. Throughout his testimony, Mr. Bluhm appears to misunderstand the identity,
7 chronology, and scope of certain ETC designations. As a result, Mr. Bluhm makes a
8 number of incorrect factual statements and reaches a number of incorrect conclusions.

9 Much of his testimony about the ETC designations relates to RCC’s and WWC’s
10 submission of line count reports and other matters that are outside the scope of the relief
11 requested in the Petition. Nevertheless, I will clarify the facts relating to the ETC
12 designations so that the Commission is not confused.

13 There are four ETC designations that Mr. Bluhm has been unclear about: (1) the
14 WWC ETC designation granted by the Commission; (2) the WWC “Pine Ridge” ETC
15 designation granted by the FCC; (3) the RCC ETC designation granted by the
16 Commission; and (4) the Wireless Alliance, LLC (“WALLC”) ETC designation granted
17 by the Commission. I will explain the chronology of these ETC designations, and
18 explain why only the Commission’s WWC designation and RCC designation are
19 important to this proceeding.

20 **Q: PLEASE DESCRIBE THE WWC ETC DESIGNATION.**

21 A: As explained in the Petition, WWC was designated as an ETC by the Commission in a
22 series of Orders.²⁹ First, in an Order dated October 18, 2001 in Docket TC98-146, WWC
23 was designated as an ETC in non-rural telephone company service areas, *i.e.*, specific
24 wire centers served by Qwest. On the same day, but in a separate Order in the same

²⁹ Petition, p. 2.

1 docket, the Commission designated WWC as an ETC throughout the entire study areas of
2 certain rural telephone companies, conditioned on WWC's subsequent submission of a
3 compliance filing. WWC submitted the required compliance filing in mid-2002, and
4 after additional proceedings, the Commission issued an Order in Docket TC98-146 dated
5 January 6, 2003 that found that the compliance filing was complete, resulting in WWC's
6 designation in the previously-identified rural telephone company study areas. Finally, in
7 an Order dated January 3, 2005 in Docket TC03-191, the Commission granted WWC's
8 request to amend and expand the scope of its designated service area to include additional
9 rural telephone company study areas.

10 **Q: WHAT IS A STUDY AREA CODE AND WHAT STUDY AREA CODE WAS ASSIGNED TO THE**
11 **WWC ETC DESIGNATION?**

12 A: A Study Area Code, or "SAC", is a numeric code assigned by USAC for purposes of
13 identifying a specific ETC designation and the scope of the designated service area.
14 USAC also tracks the disbursement of universal service support by SAC. USAC
15 assigned SAC 399002 to the WWC ETC designation.

16 **Q: HOW DID THE GEOGRAPHIC SCOPE OF THE WWC ETC DESIGNATION RELATE TO THE**
17 **AREAS WHERE WWC HELD FCC LICENSES?**

18 A: WWC held FCC authorizations to provide CMRS service in South Dakota Rural Service
19 Area ("RSA") Nos. 1, 2, 3, 4, 5, 6, 7, 8, and 9, as well as the Rapid City Metropolitan
20 Service Area ("MSA") and Sioux Falls MSA – in other words, the entire State of South
21 Dakota. On page 6 of his testimony, Mr. Bluhm attempts to identify this, but he omitted
22 the Sioux Falls MSA. The Designated Area for the WWC ETC designation included all
23 Qwest wire centers in South Dakota, as well as the complete rural study areas of several
24 rural telephone companies, comprising much of this licensed area.

1 **Q: HOW DO YOU RESPOND TO MR. BLUHM'S REFERENCE TO QWEST IN CONNECTION WITH**
2 **SAC 399002?**

3 A: Mr. Bluhm's testimony suggests that he is confused about the facts.³⁰ Mr. Bluhm appears
4 to believe that the geographic area associated with SAC 399002 was limited to only wire
5 centers served by Qwest. But as I explained in the previous answer, WWC was
6 designated in both rural and non-rural telephone company study areas and reported lines
7 in all of those areas under SAC 399002. In other words, SAC 399002 was much broader
8 than just Qwest wire centers.

9 **Q: PLEASE DESCRIBE THE WWC PINE RIDGE ETC DESIGNATION.**

10 A: In 2001, WWC filed a Petition with the FCC seeking ETC designation on the Pine Ridge
11 Reservation. The FCC issued two Orders on October 5, 2001. The first Order concluded
12 that the FCC (rather than the Commission) had jurisdiction to designate ETCs to serve
13 tribal members residing on the Pine Ridge Reservation. The second Order exercised that
14 jurisdiction, designating WWC as an ETC for service offered to tribal members residing
15 on the Pine Ridge Reservation. USAC assigned SAC 399001 to the WWC Pine Ridge
16 ETC designation.

17 **Q: PLEASE DESCRIBE THE COMMISSION'S RCC ETC DESIGNATION.**

18 A: As described in the Petition, RCC was designated by the Commission as an ETC for
19 certain rural and non-rural telephone company service areas in an Order dated June 6,
20 2005 in Docket TC03-193.³¹ USAC assigned SAC 399003 to the RCC ETC designation.

³⁰ Bluhm Direct Testimony, p. 23.

³¹ Petition, p. 2.

1 **Q: PLEASE DESCRIBE HOW THE GEOGRAPHIC SCOPE OF THE COMMISSION’S RCC ETC**
2 **DESIGNATION RELATED TO THE AREAS WHERE RCC HELD AN FCC LICENSE.**

3 A: RCC held an FCC license allowing it to provide CMRS service in South Dakota RSA 4,
4 which includes Clark, Codington, Day, Deuel, Grant, Hamlin, Marshall and Roberts
5 Counties in the Northeast part of South Dakota. The RCC ETC designation included
6 certain individual wire centers served by Qwest, the entire study areas of five rural
7 telephone companies, and certain individual wire centers within the study areas of three
8 other rural telephone companies.

9 **Q: DID THE COMMISSION’S JUNE 6, 2005 ORDER IN DOCKET TC03-193 ALSO DESIGNATE**
10 **WALLC AS AN ETC?**

11 A: Yes. WALLC was a joint venture of RCC and T-Mobile, and was managed by RCC.
12 WALLC did business as “Unicel,” the same brand name previously used by RCC for its
13 operations in South Dakota. The RCC and WALLC ETC designations were presented to
14 the Commission together. In the June 6, 2005 Order in which the Commission
15 designated RCC as an ETC, the Commission also designated WALLC as an ETC. The
16 areas where WALLC was designated did not overlap with the area in which RCC was
17 designated. USAC assigned SAC 399004 to the WALLC ETC designation.

18 **2. The Verizon Wireless-RCC Merger**

19 **Q: PLEASE DESCRIBE THE MERGER BETWEEN VERIZON WIRELESS AND RURAL CELLULAR**
20 **CORPORATION.**

21 A: On August 6, 2008, Cellco acquired Rural Cellular Corporation and each of its
22 subsidiaries and affiliates, including RCC and RCC’s interest in WALLC (the “Verizon
23 Wireless-RCC merger”).

24 **Q: WHAT HAPPENED TO WALLC AFTER THE VERIZON WIRELESS-RCC MERGER?**

25 A: In April 2009, WALLC filed notice of relinquishment of its ETC designation, which was
26 granted by a Commission Order dated June 24, 2009 in Docket TC09-020. Although the

1 Verizon Wireless-RCC merger resulted in Cellco acquiring ownership of RCC's interest
2 in WALLC, the WALLC network and business operations were never integrated with
3 Verizon Wireless. Cellco sold RCC's ownership interest in WALLC to T-Mobile.

4 For these reasons, this case has nothing to do with WALLC. Mr. Bluhm's
5 repeated references to WALLC demonstrates that he is confused about which entities are
6 now associated with the integrated Verizon Wireless operations in South Dakota. For
7 example, his statement that "WWC is now affiliated with ...Wireless Alliance,
8 LLC...."³² is simply wrong.

9 **Q: WAS THE VERIZON WIRELESS-RCC MERGER CONDITIONED ON ANY DIVESTITURE IN**
10 **SOUTH DAKOTA?**

11 A: No. The Verizon Wireless-RCC merger wasn't conditioned on the divestiture of any
12 assets and customers in South Dakota. The RCC customers, facilities, and assets in
13 South Dakota were integrated with the Verizon Wireless operations. This integration was
14 generally complete by March 22, 2009.

15
16 **Q: WHEN DID RCC BEGIN REPORTING WHAT MR. BLUHM REFERS TO AS VERIZON**
17 **WIRELESS "LEGACY LINES"?**

18 A: First, I need to emphasize that the reporting of lines for universal service purposes should
19 have no bearing on the Commission's consideration of the Petition. I have only included
20 in this rebuttal testimony such facts as are necessary to clarify and rebut Mr. Bluhm's
21 allegations.

22 Second, it is important to recognize that "legacy lines" is a misnomer. An ETC
23 designation is not limited to specific lines, but rather encompasses all lines served in the
24 designated service area, just as an ETC designation requires the designated carrier to

³² Bluhm Direct Testimony, p. 7.

1 satisfy the applicable requirements throughout the designated service area. But, for
2 purposes of discussion, I will use the term “legacy lines” to describe subscriber lines
3 served by Cellco or its subsidiaries and affiliates (other than WWC and RCC) before the
4 closing date of the respective RCC and WWC mergers.

5 RCC began reporting all lines served in the RCC designated service area
6 associated with SAC 399003 in June 30, 2009 in connection with the Interstate Access
7 Support (“IAS”) mechanism, and in September 2009 for the High Cost Model, High Cost
8 Loop, Safety Net Additive, Local Switching Support, and Interstate Common Lines
9 Support mechanisms. For purposes of these reports, the lines reported are those deemed
10 to be serviced “as of” March 31, 2009.

11 **Q: HOW DOES THE COMPLETION OF THE RCC INTEGRATION RELATE TO THE REPORTING**
12 **OF “LEGACY LINES” UNDER SAC 399003?**

13 A: RCC did not start reporting all lines served within the designated service area associated
14 with SAC 399003 until after the RCC billing integration was completed on March 22,
15 2009. As I just mentioned, the integrated subscriber lines reported by RCC were those
16 serviced as of March 31, 2009.

17 **Q: HOW DO YOU RESPOND TO MR. BLUHM’S CONTENTION THAT ONE OF THE “UNIVERSAL**
18 **SERVICE EFFECTS” OF THE VERIZON WIRELESS-RCC MERGER WAS AN ISSUE**
19 **RELATING TO RCC’S PROPOSED CONVERSION FROM GSM FORMAT TO VERIZON**
20 **WIRELESS’ CDMA FORMAT?**

21 A: As an initial matter, there is no ETC requirement related to a carrier’s use of a particular
22 technology platform. I do not understand why Mr. Bluhm would try to interject a
23 discussion of the use of CDMA or GSM technology into this proceeding.

1 In any event, Mr. Bluhm’s understanding of the technology used in South Dakota
2 is wrong.³³ In South Dakota, RCC was operating on the CDMA platform prior to the
3 merger, so the integration did not necessitate any conversion. The reference to platform
4 conversion issues in the FCC’s Verizon Wireless-RCC Merger Order related to RCC’s
5 network in other parts of the country. Mr. Bluhm suggests that “South Dakota might
6 have wanted to know at least something about this conversion...”, but the conversion
7 from GSM to CDMA simply doesn’t apply to South Dakota.³⁴

8 **Q: IS MR. BLUHM'S CHARACTERIZATION OF RCC AS MERELY A “CORPORATE SHELL”**
9 **ACCURATE?**

10 A: No. It cannot seriously be disputed that RCC has, at all times since the Verizon Wireless-
11 RCC merger, continued to provide service as an ETC in its designated service area in
12 South Dakota: RCC provided service d/b/a Unicel until the merger, and RCC provided
13 service d/b/a Verizon Wireless after the merger. RCC continues to own and operate
14 significant assets and network facilities in South Dakota, as it also continues to do in
15 other states. RCC, in conjunction with Cellco and its other subsidiaries and affiliates,
16 continues to provide service throughout South Dakota RSA 4. Mr. Bluhm’s testimony
17 that RCC is just a “corporate shell” is without any basis.

18
19 **3. The Verizon Wireless-Alltel Merger**

20 **Q: PLEASE DESCRIBE THE VERIZON WIRELESS-ALLTEL MERGER.**

21 A: The Verizon Wireless-Alltel transaction closed January 9, 2009. As explained in my
22 Direct Testimony, the FCC’s and United States Department of Justice’s (“USDOJ”)
23 approval of the Verizon Wireless-Alltel merger was conditioned on the divestiture of

³³ Bluhm Direct Testimony, pp. 15-16.

³⁴ Bluhm Direct Testimony, p. 17.

1 certain customers, assets, and facilities across the country, including divestiture of certain
2 customers, assets, and facilities in South Dakota.³⁵ These areas included the entire
3 Designated Area for the WWC ETC designation granted by this Commission, as well as
4 the entire Designated Area for the WWC Pine Ridge ETC designation.

5 **Q: HOW WAS THE DIVESTITURE IMPLEMENTED?**

6 A: The WWC assets and customers to be divested in South Dakota were placed under the
7 supervision and control of a Management Trustee until the assets were sold to AT&T
8 Mobility on June 22, 2010.

9 **Q: HOW WERE UNIVERSAL SERVICE REQUIREMENTS MANAGED DURING THE PERIOD**
10 **BETWEEN THE CLOSING OF THE MERGER AND THE DIVESTITURE?**

11 A: Under the supervision of the Management Trustee, WWC continued with business as
12 usual in South Dakota during this period. The WWC service continued to be provided
13 under the brand name “Alltel.” Subscribers served by WWC were reported to USAC
14 under SAC 399001 (for the WWC Pine Ridge designation) and SAC 399002 (for the
15 Commission’s WWC ETC designation). The universal service support continued to be
16 received by WWC and continued to be used for the provision, maintenance, and
17 upgrading of facilities and services for which the support was intended. As I described
18 above, WWC submitted information and certifications to the Commission regarding its
19 actual and projected uses of the support, and the Commission certified WWC’s use of
20 support.

21 Mr. Bluhm’s assertion that “Cellco” continued to receive support for WWC
22 during the period after the merger and before the Divestiture is incorrect, and seems to be
23 based on the incorrect assumption that WWC’s to-be-divested South Dakota assets and

³⁵ Stevens Direct Testimony, pp. 6-7.

1 customers were placed into a separate trust entity.³⁶ No support needed to be
2 “transferred” from one entity to another during this period because it was WWC that
3 received the support in the first place.

4 **Q: WHAT HAPPENED TO THE WWC PINE RIDGE ETC DESIGNATION AFTER THE**
5 **DIVESTITURE?**

6 A: Shortly after the Divestiture was complete, WWC filed with the FCC a notice of
7 relinquishment of the WWC Pine Ridge ETC designation. Consistent with the notice of
8 relinquishment, WWC has not reported any lines under SAC 399001 after the
9 Divestiture. At around the same time, AT&T Mobility filed a Petition with the FCC
10 seeking ETC designation for tribal members residing on the Pine Ridge Reservation. For
11 these reasons, the WWC Pine Ridge ETC designation is completely immaterial to the
12 issues raised in the Petition. The only reason it is addressed in my testimony is because
13 Mr. Bluhm’s direct testimony may have created confusion about it.

14 **Q: WERE VERIZON WIRELESS “LEGACY LINES” EVER REPORTED BY THE MANAGEMENT**
15 **TRUSTEE UNDER SAC 3990001 IN CONNECTION WITH THE PINE RIDGE ETC**
16 **DESIGNATION?**

17 A: No.

18 **Q: HAS THE GEOGRAPHIC SCOPE OF THE COMMISSION’S WWC ETC DESIGNATION**
19 **CHANGED?**

20 A: Yes, but only to a limited extent. The Petition in this case provided notice of WWC’s
21 intent to partially relinquish the WWC ETC designation with respect to the service area
22 identified by SAC 391659, and served by Golden West Telecom. The Golden West
23 Telecom service area associated with SAC 391659 consists of various wire centers in
24 south central South Dakota, including some that cover the Pine Ridge Reservation, where

³⁶ Bluhm Direct Testimony, p. 29-30, referring to Verizon Wireless’ response to Interrogatory No. 4 of James Valley Wireless’ second set of Interrogatories.

1 WWC had already filed notice of relinquishment of the Pine Ridge ETC Designation
2 with the FCC.

3 The Commission issued an Order in this docket dated November 18, 2010
4 approving the relinquishment of the WWC ETC designation in the Golden West Telecom
5 SAC 391659 area. Other than the relinquishment of the Golden West Telecom SAC
6 391659 service area, the WWC ETC designation and Designated Area remains
7 unchanged.

8 **Q: PLEASE EXPLAIN HOW AND WHEN LINES WERE REPORTED BY WWC UNDER SAC**
9 **399002.**

10 A: As I explained above, SAC 399002 was assigned by USAC for the WWC ETC
11 designation. Until Divestiture, only lines served by WWC were reported by the
12 Management Trustee under SAC 399002. Shortly after the Divestiture, Verizon Wireless
13 requested that USAC retire SAC 399002. Thereafter, no lines were reported under SAC
14 399002. A new study area code, SAC 399018, was assigned to WWC for all post-
15 Divestiture reporting. The designated area represented by SAC 399018 is the same as the
16 area represented by SAC 399002 (other than the Golden West Telecom SAC 391659 area
17 that has now been relinquished).

18 **Q: WHAT LINES ARE CURRENTLY BEING REPORTED UNDER SAC 399018?**

19 A: WWC began reporting to USAC all lines served within the WWC designated service area
20 (other than Golden West Telecom SAC 391659) under SAC 399018 in a line count report
21 submitted by September 30, 2010. WWC first began receiving support in connection
22 under SAC 399018 in January 2011.

1 **Q: WHY DID WWC SUBMIT REPORT LINES UNDER SAC 399018?**

2 A: Under the FCC's and USAC's rules and procedures relating to submission of line count
3 reports and receipt of support, it is necessary to submit line count reports pursuant to a
4 specific filing schedule in order to ensure that support can be received for lines, even if
5 the eligibility of the lines for support remains uncertain. WWC submitted the line counts
6 under SAC 399018 in order to maintain the status quo. The line count reports submitted
7 in September 2010 and thereafter all correspond to support distributions beginning in
8 2011. If the line count reports had not been submitted, federal universal service support
9 for the WWC ETC designation for 2011 might have been foregone entirely.

10 **Q: ARE MR. BLUHM'S ASSERTIONS ABOUT THE DATES ON WHICH "CELLCO" BEGAN**
11 **REPORTING "LEGACY LINES" ACCURATE?**

12 A: Not at all. Starting on page 20 of his testimony, Mr. Bluhm attempts to demonstrate that
13 "Cellco" included "legacy lines" in line counts submitted to USAC for the "Alltel/WWC
14 area." Mr. Bluhm is wrong.

15 First of all, "Cellco" did not submit any line count reports to USAC. All line
16 count reports for SAC 399002, prior to Divestiture, and for SAC 399018, after
17 Divestiture, were submitted by WWC. All line counts for SAC 399003 were submitted
18 by RCC.

19 In an attempt to support his claim, Mr. Bluhm relies on a Verizon Wireless
20 interrogatory response.³⁷ But, he has completely jumbled the information contained in
21 that response. He asserts that "legacy lines" were reported "[f]or the Alltel/WWC area"
22 starting in June 2009 and expanding in September 2009. This is incorrect. RCC, not

³⁷ Bluhm Direct Testimony, p. 20 (referring to Verizon Wireless response to James Valley Wireless Interrogatory No. 3). Essentially the same information that is in the interrogatory response is also set forth at page 9 of my Direct Testimony.

1 WWC, began reporting “legacy lines” in June 2009, and expanded this process in
2 September 2009 following integration of the RCC and Verizon Wireless operations. All
3 of his allegations on page 20 relating to “Alltel/WWC” are wrong. As I explained above,
4 no “legacy lines” were submitted under SAC 399002 in 2009 or 2010.

5 **Q: IS MR. BLUHM'S CHARACTERIZATION OF WWC AS MERELY A “CORPORATE SHELL”**
6 **ACCURATE?**

7 A: No. Although Cellco was required to divest WWC’s facilities in South Dakota, WWC
8 still retains assets, including FCC licenses, in states other than South Dakota. And, as I
9 explained above, an ETC has the “beneficial use” of all facilities held in the name of its
10 corporate affiliates. Accordingly, WWC continues to operate in South Dakota by use of
11 Verizon Wireless’ network facilities. Mr. Bluhm’s assertions that WWC is merely a
12 “corporate shell,” or that the only WWC asset that remained after the Divestiture was the
13 Commission’s ETC designation, are incorrect.³⁸

14 **Q: DO YOU AGREE WITH MR. BLUHM’S STATEMENT THAT THE PETITION CLAIMS THAT**
15 **CELLCO AND WWC ARE FULLY INTEGRATED IN SOUTH DAKOTA?**

16 A: No, Mr. Bluhm is missing the big picture.³⁹ Neither the Verizon Wireless-Alltel merger
17 nor the Verizon Wireless-RCC merger were limited to South Dakota. When the Petition
18 speaks generally of integration (for example on page 3), it is referring to integration on a
19 nationwide scale. Obviously, WWC customers and assets in South Dakota that were
20 divested were not integrated. The point is that all RCC and WWC operations across the
21 county were integrated.

³⁸ Bluhm Direct Testimony, pages 8, 28-29.

³⁹ Bluhm Direct Testimony, pages 9, 17.

1 **Q: MR. BLUHM STATES THAT THE VERIZON WIRELESS-ALLTEL MERGER COULD HAVE**
2 **RESULTED IN INTERRUPTED COVERAGE, CUSTOMERS BEING REQUIRED TO PURCHASE**
3 **NEW EQUIPMENT OR SERVICES, OR CHANGES IN THE USE OF UNIVERSAL SERVICE**
4 **SUPPORT. HOW DO YOU RESPOND?**

5 A: His statement about interrupted coverage⁴⁰ is not supported by any facts, and as far as I
6 can tell, it is nothing more than speculation. I am not aware that any such interruption
7 occurred either in January 2009 or in June 2010. Nor am I aware of any problems
8 relating to customers purchasing new equipment or services from AT&T Mobility. In
9 any case, that would be an effect of the FCC and USDOJ-ordered Divestiture, not of the
10 Verizon Wireless-Alltel merger. WWC's annual ETC report and certification, and its
11 subsequent supplemental filing, provided information to the Commission on the use of
12 universal service support, and that information explained that there was no material
13 change in the use of support. The fact that the merger happened, and none of these
14 alleged problems came to pass, demonstrates that Mr. Bluhm's testimony lacks any
15 factual foundation.

16 At the time of the Verizon Wireless-Alltel merger, the FCC and USDOJ
17 undertook a very detailed review of the effects of the merger on coverage, on
18 uninterrupted service, on customers, and on universal service matters. Mr. Bluhm
19 appears to be attempting to ask this Commission to second-guess the decisions made by
20 the FCC and USDOJ in approving the merger. The Commission should reject this
21 suggestion.

⁴⁰ Bluhm Direct Testimony, pp. 17-18.

1 **Q: DO YOU AGREE WITH MR. BLUHM’S STATEMENT THAT “IT WAS APPARENTLY NOT**
2 **CLEAR AT THE TIME OF THE MERGER WHAT WOULD BE REQUIRED TO BE DIVESTED, TO**
3 **WHOM, OR WHETHER THE BUYER WOULD BE AN ETC”?**

4 A: Mr. Bluhm’s statement is only partially true.⁴¹ It is incorrect to say that it was not clear
5 what would be required to be divested. The FCC’s *Alltel Merger Order* required Cellco
6 to “divest all licenses, spectrum leasing arrangements, and authorizations and related
7 operational and network assets, which shall include certain employees, retail sites,
8 subscribers, customers, all fixed assets, goodwill, and all spectrum associated therewith
9 and any other assets, tangible or intangible, used...in the operation of the mobile
10 telecommunications services to be divested....”⁴²

11 It is obviously true that at the time the FCC issued the *Alltel Merger Order*, the
12 identity of the buyer was not known. The *Alltel Merger Order* gave Cellco a particular
13 period of time in which to locate a buyer. If efforts to find a buyer were unsuccessful,
14 then a separate trustee (not to be confused with the management trustee) would undertake
15 to sell the assets. As I have previously explained, the buyer in South Dakota turned out
16 to be AT&T Mobility. Finally, it is true that it was not known whether the buyer would
17 be an ETC.

18 **Q: HOW DO YOU RESPOND TO MR. BLUHM’S DESCRIPTION OF REGULATORY ACTIVITIES IN**
19 **THE STATE OF NEVADA?**

20 A: As an initial matter, issues raised in Nevada should have no bearing on the relief sought
21 in the Petition.

22 Also, there are important differences between the situation in Nevada and the
23 situation in South Dakota that Mr. Bluhm fails to recognize.⁴³ In particular, the effect of

⁴¹ Bluhm Direct Testimony, p. 19.

⁴² *Alltel Merger Order*, ¶ 159.

⁴³ Bluhm Direct Testimony, pp. 31-32.

1 the State-specific Interim Cap is quite different in Nevada. Also, the Verizon Wireless–
2 RCC merger is not relevant to Nevada, and the integration schedule for the Verizon
3 Wireless-Alltel merger was different in Nevada than in South Dakota.

4 In addition, it must be noted that the Nevada Commission has never issued any
5 orders finding any ETC compliance problems in Nevada. Nevada Staff has made
6 allegations in its Petitions, and WWC and Cellco have responded by filing Motions to
7 Dismiss and Answers, but as of the date of the filing of this rebuttal testimony, no formal
8 action, other than setting the cases for further proceedings, has been taken by the Nevada
9 Commission.

10 This Commission should not allow its independent judgment to be affected by
11 unproven allegations made in a different case in a different State involving different facts.

12 **Q: DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

13 **A:** Yes.

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