Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
Federal-State Board on	)	CC Docket No. 96-45
Universal Service	)	

To: The Commission

Reply of Alltel Communications, Inc.

Alltel Communications, Inc. ("Alltel") submits its reply to various Oppositions and Comments submitted in the above-captioned matter responding to the petitions seeking reconsideration of the Commission's order in the ETC Designation Proceeding.[1]

The Oppositions of the National Telecommunications Cooperative Association ("NTCA") and the Organization for the Promotion and Advancement of Small Telecommunications Companies ("OPATSCO"), as well as the Nebraska Rural Independent Companies ("Nebraska Companies") urge the Commission to both retain the five-year buildout plan requirements, and to delegate to the states the determination as to what constitutes a "reasonable request for service."[2] The Nebraska Companies (as well as TDS/ITTA/WTA) further believe that any buildout plan must be done at a wire center by wire center level to avoid cream skimming concerns. TDS/ITTA/WTA openly

[1] The Petitions seek reconsideration of select aspects of the Commission's decision in *Report and Order*, *In the Matter of Federal -State Joint Board on Universal Service*, CC Docket No. 96-46, FCC 05-46 (released March 17, 2005)("ETC Designation Order").

[2] See, Opposition to Petitions for Reconsideration of the National Telecommunications Cooperative Association and the Organization for the Promotion and Advancement of Small Telecommunications Companies (filed August 4, 2005) ("NTCA/OPATSCO Opposition"); Opposition to Petitions for

disagree with their rural ILEC compatriots on two important points. TDS/ITTA/WCA openly acknowledge that a five-year buildout showing is too long a horizon for any realistic network improvement plan and agree with those seeking reconsideration that USF support is, in fact, for provisioning and maintenance as well as for improvement and upgrades.[3] TDS/ITTA/WCA also moderated their position that ETCs should be capable of providing facilities-based service throughout their designated area prior to receipt of ETC status,[4] and, unlike the Nebraska Companies and NTCA/OPATSCO, have no objection to the FCC setting standards for what constitutes a "reasonable request for services" that would be binding on each of the states.[5]

Alltel believes a five-year buildout plan to be an overly burdensome requirement. Ultimately, the requirement serves as a disincentive to wireless carriers seeking ETC status, particularly inasmuch as a wireless ETC will be held accountable on an annual basis for any departure from its established five year plan.[6] A five-year horizon goes well beyond the window for USF funding actually received by the ETC and for which it must account on an annual basis. None of those parties opposing reconsideration on this point demonstrate why the annual certification requirement is not a better than adequate mechanism to test the ETC's use of USF funding. Alltel concurs with those seeking

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Reconsideration and Clarification of the Nebraska Rural independent Companies (filed August 4, 2005) ("Nebraska Companies Opposition").

[3] See, *Comments on Petitions for Reconsideration of ETC Designation Order*, (TDS, ITTA and WCA) filed August 4, 2005 at page 3. ("TDS/ITTA/WCA Comments") Alltel concurs in the Comments of Sprint Corporation and other parties seeking clarification – reiteration in Alltel's judgement – that universal service funds obtained by a wireless ETC may be used for both expansion and maintenance of its network. Consequently, USF funds need not be totally consumed within the budget for any required wireless buildout plan.

[4] Id. at pages 3-6.

[5] Id. at page 7.

[6] See, *ETC Designation Order* at para. 23.

reconsideration that a far shorter buildout plan would be a more technologically neutral and appropriate requirement that still provides for accountability.

The Nebraska Companies and TDS/ITTA/WCA continue to insist that use of USF funds be shown on a wire center by wire center basis.[7] Wireless carriers are generally limited in geographic scope by the boundaries of the licensed service areas, which often do not correspond to any particular ILECs local service area, or the boundaries of any specific wire center. Consequently, for wireless carriers, wire centers have little if any relevance to the way the cost structure is distributed throughout a wireless network. Were a wireless ETC forced to allocate USF funding on a wire center by wire center basis, then, as a matter of parity, if not public policy, every rural ILEC should similarly be required to disaggregate on a wire center by wire center basis in order to ensure that wireline USF support is similarly targeted to high cost areas. Rural ILECs, however, continue to resist disaggregation of support.

Alltel asserts in opposition to the Nebraska Companies and NTCA/OPATSCO that the FCC is best situated to determine the standards for a "reasonable request for service," particularly for wireless carriers. Not only is state authority limited under Section 332(c) of the Act, but the Commission has broader experience with wireless standards and operations than the states by virtue of its broader Title III authority. The Commission is best situated to determine when the technical challenges associated with the provision of wireless service render a particular request for service unreasonable. As noted above, TDS/ITTA/WCA interpose no objection to the Commission setting the standards.

[7] See, *Nebraska Companies Opposition* at pages 4-5; *TDS/ITTA/WCS Comments* at page 4.

TDS/ITTA/WTA continue to advocate that the Commission's priority in this proceeding is to ensure that the Universal Service Fund ("USF") is administered judiciously and efficiently in order to advance the statutory objectives of universal service policy.[8] Alltel concurs with this assertion, and reiterates its position that the fulfillment of these objectives is not the sole province of the rural incumbent local exchange carrier ("RLEC"). If, as those filing objections note (and as the Commission has previously found), that carriers providing service over different technology platforms have different cost structures[9] then sound public policy would dictate that the more efficient carrier should be the recipient of USF support. The Commission should consequently be taking steps to promote, as opposed to discourage, wireless ETCs, where the wireless carriers cost structure is in fact more efficient. None of the RLEC parties to this proceeding attempt to square the purportedly less efficient cost structure of their operations with the statutory mandate for efficiency in the provision of USF. As to the allegations of potential misuse of USF,[10] Alltel notes that abuse of the fund occurs solely as a consequence of the character of the perpetrator and not as a consequence of their status as either a wireless or wireline ETC.

The Nebraska Companies, and NTCA/OPATSCO, while continuing to urge the Commission to uphold the most restrictive of its ETC qualification requirements miss the ultimate fact of which the Commission must take account if the interests of rural consumers and the goals of the Act are to be met. *Rural consumers demand wireless*

[8] See, *TDS/ITTA/WCA Comments* at page 1.
[9] See, *NTCA and OPATSCO* Opposition at page 3; *Nebraska Companies Opposition* at page 5.
[10] As noted by the Alliance for Rural CMRS Carriers, rural ILECs are not immune from potential abuse of high cost support. See, *Opposition to Petition for Reconsideration of The Alliance for Rural CMRS Carriers* (filed August 4,2005) at pages 4-5, citing Exhibit B (indictment of ILEC principals) and Exhibit C (USTA Today Article noting the cooperative telcos may be paying dividends the exceed the amount each shareholder pays for telephone service each month.)

services. There are more wireless lines in the state of Nebraska than there are wireline access lines, and that trend has now, by the Commission's own finding, shifted to the nation as a whole. There are now more wireless lines than wireline access lines nationwide.[11] Neither the Nebraska Companies, nor NTCA/OPATSCO, can reverse that trend.

Ultimately, arguments over the subtleties of state authority over the definition of a "reasonable request," five year buildout plans, and other requirements antithetical to wireless ETCs, have been well briefed in previous filings in this docket and are of no moment.[12] The continuation of the ETC designation requirements advocated by NTCA/OPATASCO and the Nebraska Companies only serve to limit broader service offerings with expanded calling scopes, buck clear market trends and frustrate consumer demand. Those results are antithetical to the true goals of the USF and to the interests of consumers throughout rural America. Accordingly, Alltel urges the Commission to reject the arguments proffered by NTCA/OPATSCO, the Nebraska Companies, and TDS/ITTA/WTA opposing reconsideration of the ETC Designation Order, and to grant the petitions for reconsideration.

[11] In the State of Nebraska (as of Dec. 2004) there were a total of 923,591 ILEC and CLEC switched access lines and 1,045,810 mobile wireless telephone subscribers. Nationally (as of Dec. 2004), there were a total of 178,000,000 ILEC and CLEC switched access lines and 181,100,000 mobile wireless telephone service subscriptions. See, New Release *Federal Communications Commission Releases Data on Local Telephone Competition* (July 8, 2005).

[12] Alltel again notes that on the question of what constitutes a "reasonable request for service" TDS/ITTA/WCA depart from the other ILECs, and do not oppose the Commission setting the standard. See, *TDS/ITTA/WCA Comments* at page 2.

Respectfully submitted,

Alltel Communications, Inc.

By:_________/s/___________

Glenn S. Rabin
Vice President
Federal Communications Counsel

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Alltel Corporation
601 Pennsylvania Avenue, N.W.
Suite 720
Washington, D.C. 20004

(202) 783-3970

Dated: August 15, 2005

CERTIFICATE OF SERVICE

I, Glenn Rabin, hereby certify that on this 15th day of August, 2005, copies of the foregoing "NAME OF DOCUMENT" were served via first class U.S. mail, postage prepaid, on the following:

Gerard J. Waldron
Mary Newcomer Williams
John Blevins
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

David W. Zesiger
Executive Director
Independent Telephone & Telecommunications
Alliance
888 16th Street, N.W., Suite 800
Washington, D.C. 20006

Derrick B. Owens
Director of Government Affairs
Western Telecommunications Alliance
227 Massachusetts Avenue, N.E.
Suite 302
Washington, D.C. 20002

Daniel Mitchell
Vice President, Legal and Industry
National Telecommunications Cooperative
Association
4121 Wilson Boulevard, 10th Floor
Arlington, VA 22203

Stuart Polikoff
Stephen Pastorkovich
Brian Ford
Organization For The Promotion And Advancement
Of Small Telecommunications Companies
21 Dupont Circle, N.W., Suite 700
Washington, D.C. 20036

Paul M. Schudel
James A. Overcash
Counsel to The Nebraska Rural Independent
Companies
Woods & Aitken LLP
301 South 13^{th} Street, Suite 500
Lincoln, Nebraska 68508

_______________/s/____________________
Glenn S. Rabin