Regulatory Agenda for 2009

February 26, 2009

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Some Significant US Cellular Accomplishments in 2008

- Deployed new cell towers to bring service to unserved areas in Illinois, Indiana, Maine, Michigan, Oregon, Tennessee and West Virginia.
- 3G (EVDO) deployments in parts of Illinois, Indiana, Iowa, Oklahoma and Wisconsin.
- Partner in successful bidder for 152 A and B Block 700 MHz licenses.
- Sixth consecutive J.D. Power award for highest call quality in North Central Region.

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Key Issues for 2009

- Broadband Deployment
- Handset Exclusivity
- 700 MHz D Block Re-auction
- Special Access Reform
- Consumer Access to Automatic Roaming

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Broadband Deployment

- US Cellular is committed to accelerating broadband deployment.
  - Extensive EVDO rev-A deployments are underway in certain markets including Illinois, Wisconsin, Iowa, Indiana, and Oklahoma. Additional deployments being rolled out in 2009. In some markets, US Cellular will likely be the first provider of broadband wireless services.
  - By the end of 2009, US Cellular projects that 43 percent of its cell sites, many in very rural areas, will still lack EVDO service.
  - FCC consultation with NTIA/RUS is essential to successful implementation of Broadband Stimulus Act. US Cellular is ready to expand broadband deployments, stimulate local economies and create jobs.

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Broadband Deployment

- US Cellular is committed to accelerating broadband deployment.
  - Wireless broadband provides "mobility" factor that must be considered and valued as NTIA, RUS and the FCC determine the appropriate allocation of stimulus funding.
  - The Commission should ensure that wireless carriers can invest USF funding to deploy broadband in unserved and underserved areas.

RCA Handset Exclusivity Petition

- RCA raises critical consumer protection issues
  - Exclusivity limits consumer choice and lessens incentive for carriers to build high-quality networks in rural areas.
  - Internal churn statistics support significant anti-competitive effects.
  - Exclusivity typically expires long after a handset is obsolete, preventing competitors from accessing "cutting-edge" handsets. Only 1 out of top 10 selling phones is not subject to an exclusive - the Blackberry Curve (#1).

RCA Handset Exclusivity Petition

- RCA raises critical consumer protection issues
  - Only top 4 carriers opposed petition - considerable support by public interest groups including PISC, as well as NASUCA.
  - Professor William Rogerson - former FCC Chief Economist – details consumer harms and suggests reasonable limits.
  - FCC should initiate a rulemaking proceeding as requested by RCA.

Use 58 Public Safety Regions for the 700 MHz D Block Re-Auction

- **Two policy goals compel prompt action**
  - Provide public safety entities with nationwide interoperable broadband wireless services
  - Expand competitive broadband wireless services for consumers nationwide.
- **September 2008 tentative conclusions had many solid features**
  - Regional licenses will attract more providers, can be effectively coordinated and will meet local needs
  - National standards for D-Block licensees will drive widespread deployment, high quality and interoperability
  - Public/Private Partnership will fund the network and efficiently use spectrum.

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Use 58 Public Safety Regions for the 700 MHz D Block Re-Auction

- **FCC should re-auction quickly to maximize stimulus funding**
  - Use of stimulus funding for public safety purposes will enhance the chance for a successful action in more rural markets.
  - Completing an auction during 2009 would allow winning bidders and public safety agencies to utilize broadband stimulus funding to advance the construction of a robust public safety network.

Special Access Reform

- US Cellular supports efforts to address special access pricing.
  - Special access is a significant cost driver for regional wireless carriers - critical to broadband deployment.
  - The market for special access is not competitive. AT&T and Verizon control 80%+ of the special access market.
  - Anti-competitive pricing harms consumers by holding wireless service prices artificially high.
  - 5 year DS1 prices are 90% higher than an equivalent UNE (unavailable to wireless carriers).
  - No rational basis to allow vast pricing differential for precisely the same facility.

Roaming

- US Cellular supports the FCC's August 2007 decision to require wireless carriers to offer automatic roaming to technologically compatible carriers on reasonable terms and conditions.
- Consumers expect every function in their devices to work everywhere they can access a compatible network. Significant safety and economic benefits flow from maximizing network utility.
- US Cellular believes that the FCC erred in creating an "in market" exception to the automatic roaming rule. Holding an authorization, usually not yet constructed, for an overlapping service area, such as an MEA, REAG or EA, should not be a barrier to a wireless carrier being able to obtain roaming rights.
- Automatic roaming must be expanded to include data. Despite complexity, carriers can do it and consumers deserve it.

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