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*NOT ADMITTED IN VA

December 31, 2009

VIA HAND DELIVERY

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, DC 20554

VIA E-MAIL

Karen Majcher
Vice President, High Cost & Low Income Division
Universal Service Administrative Company
2000 L Street, N.W., Suite 200
Washington, DC 20036

Re: Federal-State Joint Board on Universal Service
WC Docket No. 09-197

Dear Secretary Dortch:

On behalf of Smith Bagley, Inc. (SAC 509002 for Utah) ("SBI"), please find attached a redacted, public version of a supplement ("Supplement") to SBI's Annual ETC Report under Section 54.209 of the FCC's Rules ("ETC Report"). The attached Supplement has been marked "**REDACTED – FOR PUBLIC INSPECTION.**"

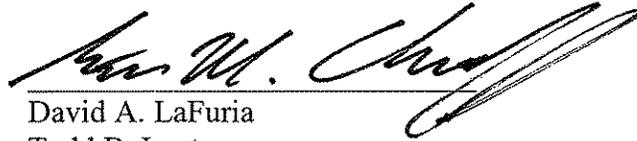
SBI is also submitting, under separate cover, a confidential version of this Supplement. The confidential version is marked "**CONFIDENTIAL – NOT FOR PUBLIC INSPECTION.**"

An original and four (4) copies of this Supplement are enclosed. An additional copy has been provided, which you are requested to date-stamp and return in the envelope provided.

Marlene H. Dortch
December 31, 2009
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Please contact the undersigned at 703-584-8678 if any questions arise concerning the above-referenced enclosures or if you require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven M. Chernoff". The signature is written in a cursive style with a large, sweeping flourish at the end.

David A. LaFuria
Todd B. Lantor
Steven M. Chernoff

Attorneys for:
Smith Bagley, Inc.

cc: Nicholas Degani, Esq.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20054

In the Matter of)
)
Federal-State Joint Board on) WC Docket No. 09-197
Universal Service)
)

SUPPLEMENT TO ANNUAL ETC REPORT OF
SMITH BAGLEY, INC.

Smith Bagley, Inc. (“SBI” or the “Company”), a wireless service provider designated as an Eligible Telecommunications Company (“ETC”) in the State of Utah, hereby supplements its annual compliance filing (“2009 Annual ETC Report” or “Report”) containing information as set forth in the Commission’s *Report and Order* in the above-captioned proceeding (“*ETC Report and Order*”).¹ Pursuant to discussions with Commission staff, SBI supplements its 2009 Annual ETC Report by providing a revised update to its service quality improvement plan, originally submitted under seal as Exhibit A. As with the initial filing, SBI is submitting this Supplemental Exhibit A with a request for confidential treatment.

First, Supplemental Exhibit A contains an updated map and corresponding list of planned improvements with clearer information about the wire centers in SBI’s designated ETC service area and the extent to which they are covered, or will be covered, by the Company’s network. Second, Supplemental Exhibit A includes a separate spreadsheet providing information regarding SBI’s progress on its network improvement targets, including explanations of any changes in its plans since those targets were proposed.

¹ *Federal-State Joint Board on Universal Service, Report & Order*, 20 FCC Red 6371 (2005) (“*ETC Report and Order*”).

Lastly, SBI addresses the areas within its ETC service area that have yet to be served by SBI's facilities-based coverage. SBI notes that while it has made significant progress, the goal of serving its entire area is a long-term one because of the rate at which it receives support. From its designation by the Commission through June 30, 2009, SBI's support has amounted to less than \$500,000. Even if it could be devoted 100% to new cell site construction, this would be sufficient only for [BEGIN CONFIDENTIAL INFORMATION] [END CONFIDENTIAL INFORMATION] cell sites. Some of this support has necessarily been used for the upgrading, operation, and maintenance of cell sites in rural, high-cost areas where customer revenue alone is insufficient to cover such costs.² This makes the coverage of its entire ETC service area a longer-term objective.

SBI's progress in serving its entire area is thus limited by the relatively small amount of support it receives. While it continues to achieve progress on this front, SBI undertakes its obligation as an ETC to provide service to consumers upon reasonable request including through the resale of the service of another carrier where necessary.

The FCC has ruled that "mandatory completion dates established by the Commission would not account for unique circumstances that may affect build-out, *including the amount of universal service support* or customer demand [emphasis added]"³. By lawfully spending all of its support on the provision, maintenance, and upgrading of facilities and services in high-cost

² SBI notes that ETCs are entitled to use their support not only for the provisioning of service through network construction, but also for "maintenance and upgrading" of such facilities and services. 47 U.S.C. § 254(e). *See also ETC Report and Order*, 20 FCC Rcd at 6382, para. 23 ("We clarify that service quality improvements in the five-year plan do not necessarily require additional construction of network facilities.")

³ *See id.*, para. 24.

areas, and by responding to reasonable requests for service, SBI is fully and conscientiously complying with its obligations as an ETC.

Should any questions arise regarding this supplemental filing, please contact undersigned counsel.

Respectfully submitted,



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Attorneys for:
Smith Bagley, Inc.

Dated: December 31, 2009

REDACTED – FOR PUBLIC INSPECTION

SUPPLEMENTAL EXHIBIT A

UPDATED FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN

**THIS EXHIBIT IS WITHHELD AS THE FILER
HAS REQUESTED CONFIDENTIAL TREATMENT**