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December 31, 2009

ORIGINAL

VIA HAND DELIVERY

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

FILED/ ACCEPTED

DEC 31 2009

Federal Communications Commission
Office of the Secretary

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 Cellular South Licenses, Inc. (SAC 259004 for Alabama) ("Cellular South"), please find attached a redacted, public version of a supplement ("Supplement") to Cellular South'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.**"

Cellular South 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.

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Marlene H. Dortch
December 31, 2009
Page 2

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", written over a horizontal line.

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

Attorneys for:
Cellular South Licenses, Inc.

cc: Nicholas Degani, Esq.

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

FILED ACCEPTED

In the Matter of)
)
Federal-State Joint Board on)
Universal Service)
)
)

WC Docket No. 09-197

DEC 31 2009
Federal Communications Commission
Office of the Secretary

SUPPLEMENT TO ANNUAL ETC REPORT OF
CELLULAR SOUTH LICENSES, INC.

Cellular South Licenses, Inc. (“Cellular South” or the “Company”), a wireless service provider designated as an Eligible Telecommunications Company (“ETC”) in the State of Alabama, 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, Cellular South supplements its 2009 Annual ETC Report by providing a revised map, an explanation of the manner in which its USF support was spent during the period in question, and an explanation regarding areas within the designated ETC service area that remain uncovered.

First, Cellular South submits a revised list of planned cell sites, calculation of projected capital investments, and map of existing and proposed coverage. The original versions of the list and map were submitted under seal as Exhibit B, Tabs 1, 2, and 6, respectively, and these supplemental versions are intended to replace the originals. The revised list of proposed cell sites corrects the original Tab 1 by removing three sites planned for 2011-2012 which were

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

outside the ETC area which had accidentally been included with the original plan. The revised calculation of projected capital investments is changed to reflect the cell site corrections on the revised Tab 1 as described above. The revised map provides clearer information about the wire centers in Cellular South's designated ETC service area and the extent to which they are covered or will be covered by the company's network. The revised map shows the Company's facilities-based coverage in two colors: existing coverage as of July 1, 2009, is shown in green, and proposed future coverage based on network improvements in 2011-12 is shown in blue (Staff specified only these two years of proposed coverage and not 2010).² As with the initial filing, Cellular South is submitting Supplemental Exhibit B with a request for confidential treatment.

Second, Cellular South clarifies that, while its Report only provided a figure for its expenditures on capital improvements, the Company also used its support for other permissible uses of support, including maintenance and operating expenditures. While the amount spent on capital improvements during July 1, 2008, to June 30, 2009, was exceeded by the amount of support received during that period, total expenditures in its ETC service area greatly exceeded the amount of support it received during the same period.

Cellular South 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).³ As set forth in the Report, Cellular South received less than \$200,000 during the reporting period. This amount is not sufficient for

[BEGIN CONFIDENTIAL INFORMATION] [END CONFIDENTIAL

² Cellular South notes that while some coverage is shown outside of the ETC area, support will be used only for network improvements insofar as they provide coverage inside the Company's ETC service area; any coverage shown outside of that area will be internally funded from sources including customer revenue and debt financing.

³ 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.")

INFORMATION]. A portion of Cellular South's support was used for capital improvements to existing facilities, and the remainder was used for maintenance and operation of facilities. These facilities are in the more rural portions of its ETC service area – areas in which customer revenue alone is not sufficient to fund the upgrading, maintenance and operation of telecommunications facilities. Accordingly, the use of high-cost universal service support for maintenance and operation, and not just construction and upgrading, is entirely consonant with the purposes of the Act's universal service provisions.

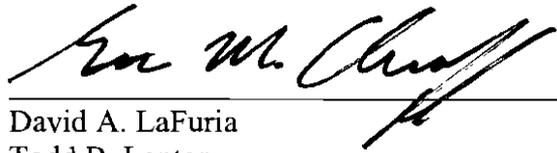
Lastly, Cellular South addresses Staff's question regarding areas within its ETC service area that have yet to be served by Cellular South's facilities-based coverage. Cellular South notes that while it has made significant progress, the goal of serving its entire area is a long-term one because of the rate at which it receives support. From its designation by the Commission through June 30, 2009, Cellular South's support has amounted to just under \$1.4 million. 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. As discussed above, 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. This makes the coverage of its entire ETC service area a longer-term objective.

Cellular South'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, Cellular South 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]”⁴ By lawfully spending all of its support on the provision, maintenance, and upgrading of facilities and services in high-cost areas, and by responding to reasonable requests for service, Cellular South 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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Cellular South Licenses, Inc.

Dated: December 31, 2009

⁴ *See id.*, para. 24.

REDACTED – FOR PUBLIC INSPECTION

Supplemental Exhibit B

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