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ORIGINAL

October 1, 2010

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

FILED/ACCEPTED
OCT - 1 2010
Federal Communications Commission
Office of the Secretary

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
CC Docket No. 96-45

Dear Ms. Dortch and Ms. Majcher:

On behalf of United States Cellular Corporation ("U.S. Cellular") (SAC 239006 for North Carolina), please find attached a redacted, public version of U.S. Cellular's Annual ETC Report under Section 54.209 of the FCC's Rules ("ETC Report"). The attached ETC Report has been marked "**REDACTED – FOR PUBLIC INSPECTION**."

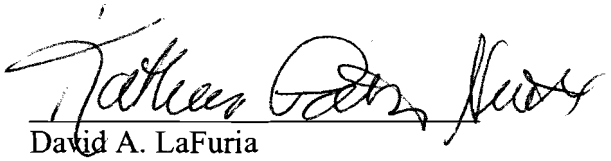
U.S. Cellular is also submitting, under separate cover, a confidential version of this ETC Report. The confidential version is market "**CONFIDENTIAL – NOT FOR PUBLIC INSPECTION**."

An original and four (4) copies of this ETC Report are enclosed. An additional copy has been provided, which we request that you date-stamp and return.

No. of Copies rec'd 0+4
List ABCDE

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,



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REDACTED – FOR PUBLIC INSPECTION

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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

ANNUAL ETC REPORT OF
UNITED STATES CELLULAR CORPORATION
FOR THE STATE OF NORTH CAROLINA

United States Cellular Corporation ("U.S. Cellular" or the "Company"), a wireless service provider designated as an Eligible Telecommunications Company ("ETC") in the State of North Carolina, hereby provides the Commission with its annual compliance filing containing information as set forth in the Commission's *Report and Order* in the above-captioned proceeding ("*ETC Report and Order*").[1]

I. REPORTING ITEMS

A. Five-Year Service Quality Improvement Plan.

Pursuant to the *ETC Report and Order*, an ETC must "submit... progress reports on the ETC's five-year service quality improvement plan, including maps detailing progress towards meeting its plan targets, an explanation of how much universal service support was received and

[1] *Federal-State Joint Board on Universal Service, Report & Order,* 20 FCC Rcd. 6371 (2005) ("*ETC Report and Order*"). U.S. Cellular's designation as an ETC carrier became effective on August 1, 2008. Section 54.209(b) of the Commission's rules states that "In order for a common carrier designated under section 214(e)(6) to continue to receive support for the following calendar year, or retain its eligible telecommunications carrier designation, it must submit the annual reporting information in paragraph (a)...annually by October 1 of each year." 47 C.F.R. § 54.209(b). The subject ETC Annual Report is being filed in order for U.S. Cellular to receive support and maintain its ETC designation for calendar year 2011.

how support was used to improve signal quality, coverage, or capacity; and an explanation regarding any network improvement targets that have not been fulfilled."[2]

U.S. Cellular was first designated as an ETC in North Carolina on August 1, 2008.[3] Pursuant to the *ETC Report and Order,* an updated five-year service quality improvement plan is attached hereto as Exhibit A.[4] The Company's five-year plan includes a listing of the new cell site locations completed in the 2009 calendar year, as well as other projected improvements using universal service support for calendar years 2010 to 2015. As required by the Commission's Rules, details are provided on a wire center-by-wire center basis and describe the benefits of each proposed improvement.[5]

For the 12-month period January 1, 2009 through December 31, 2009, the Company received a total of [redacted] in Universal Service Support in the State of North Carolina. During the same period, U.S. Cellular [redacted]

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[2] *See ETC Report and Order, supra*, 20 FCC Rcd. at 6400.

[3] *See* High Cost Universal Support, Federal-State Joint Board on Universal Service, WC Docket 05-337, CC Docket 95-46, 23 FCC Rcd 8834, Appendix B (2008).

[4] The information contained in Exhibit A is proprietary and competitively sensitive; therefore, it is being submitted under seal and is subject to U.S. Cellular's request for confidential treatment.

[5] *See* 47 C.F.R. § 54.202(a)(1)(ii).

[redacted] U.S. Cellular provides as Exhibit B a map showing its coverage in the region and the locations of planned new cell sites in 2010.[6]

U.S. Cellular expects to receive an estimated [redacted] per year in federal high-cost support under the competitive ETC ("CETC") cap currently in effect based on USAC's latest projections. The Company's previous five-year plan was based upon the projected receipt of approximately [redacted] of high-cost support each year. As a result, the updated five-year service quality improvement plan reflects adjustments in expected yearly expenditures. While U.S. Cellular believes that every wire center in its ETC service area could benefit from service quality improvements made with high cost support, it will not have sufficient support to undertake all desired improvements in every wire center within the next five years, due to limited per-line support available in the areas it serves.

Nevertheless, as described in Exhibit A, U.S. Cellular's five-year service quality improvement plan envisions the expenditure of approximately [redacted] on network improvements and associated expenses over the next six years that it would not otherwise undertake. The proposed expenditures are over and above ordinarily budgeted improvements, and the Company does not expect that it would undertake many of the listed improvements for several years in the absence of high-cost support from the USF.

The selection of projects set forth in Exhibit A are based on U.S. Cellular's evaluation of many factors, including current consumer demand, competitive forces and estimated amounts of universal service support. These and other external factors are not within U.S. Cellular's control and are subject to change. Such changes may affect U.S. Cellular's assumptions and calculations

[6] The information in Exhibit B is proprietary and competitively sensitive; therefore, it is being submitted under seal and is subject to U.S. Cellular's request for confidential treatment.

regarding the optimal improvements to network facilities required to provide better coverage and service. In addition, current and projected consumer demand may require increased capacity. U.S. Cellular will reevaluate and modify its estimates for implementing these projects accordingly, as these externally-driven changes occur. The order in which U.S. Cellular's proposed projects will be undertaken has not been finally determined and may be revised over time. As a result, the content and timing of the projects in Exhibit A are subject to change. Nonetheless, the amended network improvement plan described in Exhibit A demonstrates U.S. Cellular's commitment to use federal high-cost support to make measurable improvements in coverage and capacity for consumers throughout its ETC service area, and to update the Commission on its progress every year prior to being recertified.

B. Outage Reporting.

Under the annual reporting rules adopted in the *ETC Report and Order*, an ETC must report any outages of at least 30 minutes in duration on the facilities it owns, operates, leases, or otherwise utilizes that potentially affect at least ten percent of the end users served in its designated service area.[7] U.S. Cellular has attached an Outage Report as Exhibit C that includes all reportable outages taking place between January 1, 2009 and December 31, 2009, and the estimated number of customers affected.[8]

C. Service Requests.

The FCC's annual ETC reporting rules require carriers to report the "number of requests for service from potential customers within the eligible telecommunications carrier's service

[7] 47 C.F.R. § 54.209(a)(2).

[8] The information in Exhibit C is proprietary and competitively sensitive; therefore, it is being submitted under seal and is subject to U.S. Cellular's request for confidential treatment.

areas that were unfulfilled during the past year" and to describe the steps taken to attempt to provide service.[9]

U.S. Cellular hereby certifies that it follows the six-step process for provisioning service to requesting customers, as set forth in the FCC's rules. The Company has implemented the necessary tracking systems and employee training procedures to ensure that the six-step process is followed. Specifically, in response to requests for service at a residence or business, U.S. Cellular takes the following steps:

1. If a request comes from a customer within its existing network, U.S. Cellular provides service immediately using its standard customer equipment.

2. If a request comes from a customer residing in any area where U.S. Cellular does not provide service, U.S. Cellular follows a series of steps to provide service:

* First, it determines whether the customer's equipment can be modified or replaced to provide acceptable service;

* Second, it determines whether a roof-mounted antenna or other network equipment can be deployed at the premises to provide service;

* Third, it determines whether adjustments at the nearest cell site can be made to provide service;

* Fourth, it determines whether there are any other adjustments to network or customer facilities which can be made to provide service;

* Fifth, it explores the possibility of offering the resold service of carriers that have facilities available to that location; and

[9] 47 C.F.R. § 54.209(a)(3).

* Sixth, U.S. Cellular determines whether an additional cell site, a cell-extender, or repeater can be employed or constructed to provide service, and evaluates the costs and benefits of using scarce high-cost support to serve the number of customers requesting service. If there is no possibility of providing service short of these measures, U.S. Cellular notifies the customer and the Commission as to the number of requests for service that could not be filled in its next annual certification report. U.S. Cellular acknowledges that the Commission retains authority to resolve any customer complaints alleging that U.S. Cellular has refused to respond to a reasonable request for service.

U.S. Cellular has attached an Unfulfilled Requests for Service Report as Exhibit D that includes all reportable unfulfilled requests for service taking place between January 1, 2009 and December 31, 2009 from customers within the designated area.[10]

D. Consumer Complaints.

U.S. Cellular received [redacted] complaints from North Carolina customers between January 1, 2009 and December 31, 2009, resulting in a complaint rate of [redacted] per every 1,000 customers in the State. U.S. Cellular includes in this calculation complaints filed with the Commission, the State Public Utility Commission and the State Attorney General's Office.

E. Commitment to CTIA's Consumer Code for Wireless Services.

In the *ETC Report and Order*, the FCC reiterated that carriers must commit to abide by the CTIA Code.[11] U.S. Cellular is officially listed by CTIA as having fully implemented and

[10] The information in Exhibit D is proprietary and competitively sensitive; therefore, it is being submitted under seal and is subject to U.S. Cellular's request for confidential treatment.

[11] Under the CTIA Consumer Code, wireless carriers agree to: (1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier

adopted the CTIA Code.[12] In submitting this report, U.S. Cellular certifies that it will continue to abide by the CTIA Code, as it may be amended from time to time,[13] for all of its operations in North Carolina.

F. Ability to Remain Functional in Emergencies.

Under the rules adopted in the *ETC Report and Order*, an ETC applicant must:

> demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.[14]

Once designated, an ETC must certify annually to its emergency functionality.[15]

U.S. Cellular is mindful of the importance of ensuring uninterrupted service so that law enforcement and public safety officials, as well as the general public, can make important calls in the event of a hurricane or other emergency. U.S. Cellular hereby certifies that the company is capable of functioning in emergency situations as set forth in section 54.202(a)(2).

G. Local Usage.

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charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy. The CTIA Code can be viewed on the Web at http://files.ctia.org/pdf/ConsumerCode.pdf.

[12] The list is on CTIA's web site at http://www.ctia.org/consumer_info/service/index.cfm/AID/10623.

[13] CTIA recently adopted updates to the CTIA Code. See CTIA Press Release, "CTIA–The Wireless Association® Announces Updates to Its 'Consumer Code for Wireless Service'," July 28, 2010, accessed at http://www.ctia.org/media/press/cody.cfm/prid/1992. The updates are scheduled to take effect on January 1, 2011.

[14] *ETC Report and Order, supra,* 20 FCC Rcd. at 6382; 47 C.F.R. § 54.202(a)(2).

[15] *ETC Report and Order, supra,* 20 FCC Rcd. at 6401; 47 C.F.R. § 54.209(a)(6).

In the *ETC Report and Order*, the Commission concluded that each ETC must annually certify that it offers at least one local usage plan comparable to the one offered by the incumbent LEC in the service areas for which the applicant seeks designation.[16] In the *ETC Report and Order* on which that requirement was based, the FCC declined to adopt a specific local usage threshold or require that an applicant match the incumbent's offering. Rather, the FCC concluded that the comparability of rate plans should be evaluated on a case-by-case basis, in consideration of the number of included minutes, the size of the "local" calling area, monthly price, and other factors. As examples, the FCC mentioned that an applicant may offer "a local calling plan that has a different calling area than the local exchange area provided by the LECs in the same region, or . . . a specified number of free minutes of service within the local service area."[17] The FCC also envisioned cases wherein an applicant may offer an unlimited calling plan that bundles local minutes with long distance minutes.[18]

U.S. Cellular satisfies the FCC's local usage requirement in that consumers may choose from a variety of plans with different combinations of local calling areas, local calling scopes,[19] included minutes (with one plan offering unlimited minutes), and monthly rates, to suit individual consumer needs. With the ability to choose rate plans that meet their calling patterns and preferences, U.S. Cellular's customers have the ability to select at least one rate plan that offers comparable or better value than the rate plans of the ILECs in the same areas.[20]

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[16] *See ETC Report and Order, supra,* 20 FCC Rcd. at 6385; 47 C.F.R. § 54.209(a)(7).

[17] *See ETC Report and Order, supra*, 20 FCC Rcd. at 6385.

[18] *Id.*

[19] "Local calling scope" signifies the area in which a customer can make calls without incurring roaming charges, while "local calling area" signifies the area in which a customer can terminate calls without incurring per-minute toll charges.

[20] U.S. Cellular's rate plans can be found on its website at www.uscellular.com.

U.S. Cellular's rate plans offer comparable or better value to consumers than those offered by the ILECs in its proposed ETC service area. For example, U.S. Cellular's Wide Area 700 Plan offers 700 minutes of calling within a home calling area comprising U.S. Cellular's licensed service area. The plan is available for a monthly price of $39.99. U.S. Cellular also offers a number of usage plans that allow customers to make calls or travel beyond the local calling area without incurring toll or roaming charges. The Nationwide 650 Plan, for example, offers free incoming calls, free incoming text messages, free incoming picture messages, unlimited nights (after 9:00 p.m.) and weekend minutes, unlimited mobile-to-mobile minutes, plus 650 minutes of nationwide roaming without per-minute charges, at a monthly rate of $49.99.

The rate plans described above demonstrate that U.S. Cellular's service offerings allow consumers to select a plan that provides them with equal or greater value than a wireline rate plan. U.S. Cellular's licensed area – its smallest 'local' calling area – is much larger than rural ILEC local calling areas, which typically allow a consumer to reach only a few hundred or a few thousand people within an area made up of a handful of exchanges. Consumers who make calls primarily within U.S. Cellular's licensed area will benefit from local calling at a low monthly price. If they travel more or make many calls to relatives or business associates beyond that area, they may benefit from one of the nationwide plans. Providing deeper geographic reach delivers a significant benefit to the consumer, and the FCC has cited studies concluding that "wireless service is cheaper than wireline, particularly if one is making a long distance call or when traveling."

In sum, U.S. Cellular certifies that it offers at least one plan that is comparable to ILEC rate plans under the applicable FCC test.

H. Equal Access.

As required of ETCs designated by the FCC under the *ETC Report and Order*,[21] U.S. Cellular acknowledges that the FCC may require it to provide equal access to interexchange carriers in the event no other ETC is providing equal access in the designated ETC service area.

II. CONCLUSION

We trust that the Commission will find the foregoing information responsive to the compliance materials requested in the *ETC Report and Order* and U.S. Cellular's ETC designation order. Accordingly, U.S. Cellular respectfully requests that the Commission recertify its eligibility to receive federal high cost universal service support from the USF in the State of North Carolina.

Respectfully submitted,

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(703)584-8678

Attorneys for:
United States Cellular Corporation

Dated: October 1, 2010

[21] *See ETC Report and Order, supra*, 20 FCC Rcd. at 6386.

DECLARATION UNDER PENALTY OF PERJURY

I, John Gockley, do hereby declare under penalty of perjury as follows:

1. I am the Vice President, Legal & Regulatory Affairs of United States Cellular Corporation.

2. This Affidavit is submitted in support of United States Cellular Corporation Annual Compliance Filing and Request for Recertification, pursuant to *Report and Order In the Matter of the Federal-State Joint Board on Universal Service*, FCC 05-46 (rel. March 17, 2005) and Sections 54.202 and 54.209 of the FCC's Rules.

3. I declare under penalty of perjury that the statements contained in the foregoing Annual Compliance Filing are true and correct to the best of my knowledge, information and belief.

Executed on September 8, 2010

John Gockley
Vice President, Legal & Regulatory Affairs
United States Cellular Corporation

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 8th day of September, 2010.

OFFICIAL SEAL
KAREN F WIERER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/04/13

Karen F. Wierer
NOTARY PUBLIC

My Commission Expires: 01/04/13

Respectfully submitted,

United States Cellular Corporation

By: John Gockley
V.P., Legal & Regulatory Affairs
United States Cellular Corporation

Dated: September 8, 2010

REDACTED – FOR PUBLIC INSPECTION

Exhibit A

Five-Year Service Quality Improvement Plan

THIS EXHIBIT IS WITHHELD IN ITS ENTIRETY AS THE FILER HAS REQUESTED CONFIDENTIAL TREATMENT

REDACTED – FOR PUBLIC INSPECTION

Exhibit B

Coverage Map and Locations of Proposed New Cell Sites

THIS EXHIBIT IS WITHHELD IN ITS ENTIRETY AS THE FILER HAS REQUESTED CONFIDENTIAL TREATMENT

REDACTED – FOR PUBLIC INSPECTION

Exhibit C

Outage Report

THIS EXHIBIT IS WITHHELD IN ITS ENTIRETY AS THE FILER HAS REQUESTED CONFIDENTIAL TREATMENT

REDACTED – FOR PUBLIC INSPECTION

Exhibit D

Unfulfilled Requests for Service

THIS EXHIBIT IS WITHHELD IN ITS ENTIRETY AS THE FILER HAS REQUESTED CONFIDENTIAL TREATMENT