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PUBLIC UTILITIES COMMISSION OF NEVADA
Docket No. 10-09007

2010 DEC 13 PM 3:03

Prepared Direct Testimony of
Jeffrey Galloway, Financial Analyst on behalf of the
Regulatory Operations Staff

Non-Confidential/Redacted

1. Q. Please state your name, occupation, and business address.

A. My name is Jeffrey Galloway. I am a Financial Analyst for the Regulatory Operations Staff ("Staff") of the Public Utilities Commission of Nevada ("Commission"). My business address is 1150 East William Street, Carson City, Nevada 89701.

2. Q. Does Attachment JG-1 summarize your professional background?

A. Yes, it does.

3. Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide Staff's policy recommendations regarding the Application ("Application") of Cellco Partnership d/b/a Verizon Wireless ("Cellco") for the Commission to amend the eligible telecommunications carrier ("ETC") status held by WWC License, LLC ("WWC").[1] Cellco requests that the WWC designation be amended such that Cellco and its affiliated legal entities are designated to receive federal high-cost support and Lifeline support in the same areas where WWC was designated. As part of this amendment, Cellco requests authority to receive federal high-cost and Lifeline support for its existing subscribers and facilities.

4. Q. What are your recommendations to the Commission regarding the issues outlined in Q&A 3?

A. I recommend that the Commission:

1) Deny Cellco's Application to amend the ETC designation in Nevada held by WWC to reflect Cellco and its affiliated legal entities as the designated ETC in Nevada for purposes of federal high-cost and Lifeline universal service

[1] *See* Application to Amend ETC Designation in the State of Nevada filed by Cellco Partnership d/b/a Verizon Wireless, Docket No. 10-09007 (Sept. 10, 2010) ("Application").

support.

2) Find that WWC's designation by this Commission in 2000 in Docket No. 00-6003 and the expansion of that designation for WWC in Docket No. 04-3030 were effectively terminated on the date on which the WWC and Cellco merger was completed.[2] Given the divestiture of all of WWC's assets in specific counties and the actions by Cellco to inextricably intertwine WWC customers and facilities with Cellco post-merger, Staff believes that the existing WWC entity for which designation was approved in Docket Nos. 00-6003/04-3030 can no longer be considered a separate and viable entity for which a designation remains.

3) Find that Cellco has unlawfully reported lines to the Universal Service Administrative Company ("USAC") for support purposes but for which Cellco had not received approval from this Commission to report as eligible to receive support. The Commission should direct a letter to USAC and the Federal Communications Commission ("FCC") notifying these federal entities that Cellco has received support from the federal high-cost fund and for Lifeline funding for which it had no approval to do so in accordance with applicable laws.[3]

4) Order Cellco and WWC to cease reporting any lines in Nevada to USAC as eligible for ETC high-cost or Lifeline support, since WWC's designation has ceased to exist and Cellco has not yet been designated by this Commission in accordance with the applicable laws.[4]

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[2] Staff is referencing WWC generically in this context and will continue to do so in the Application. As noted in Cellco's Application, WWC was a subsidiary of Alltel Corporation. Alltel merged with Cellco/Verizon Wireless, and thus the Application states that WWC became a subsidiary of Cellco.

[3] *See* 47 U.S.C. § 214(e)(2); 47 CFR § 54.201; Nevada Administrative Code ("NAC") 704.680461.

[4] Specifically, if the Commission grants any kind of authority in this case, Cellco should not be reporting undesignated lines in Humboldt Telephone Company's ("HTC") study area. WWC was never granted ETC designation in HTC's study area, and Cellco has never been provided any authority by this Commission to receive support for HTC's study area. Furthermore, WWC must provide Staff with an explanation of its line reporting to USAC in Manhattan, Nevada, which had a population of 135 in 2009, but an extraordinarily high number of lines in the recent line report to USAC. Staff, however, continues to argue no designation authority should be granted in this Docket.

5) After the close of this Application, if Cellco desires to be an ETC in Nevada for purposes of high-cost or Lifeline support, mandate that Cellco file an application for new ETC designation in the study areas requested. The Application should provide all the necessary documentation for evaluation by interveners and to allow the Commission to determine whether Cellco should be designated in Nevada as an ETC.

The first section of my testimony discusses the relevant background for Staff's recommendations related to this Application, as well as provides any overview of some of the events related to issues discussed in my recommendation section.

Background Information and Overview Related to this Application and Staff's Recommendations

5. Q. Please provide the Commission with the requisite background and overview information to evaluate this Application and Staff's additional recommendations.

A. The background and overview information set forth below is intended to assist the Commission in understanding the WWC designation that existed prior to the merger between WWC and Cellco, including WWC's authority under the Nevada ETC designations in Docket Nos. 00-6003 and 04-3030; Cellco's acquisition of WWC; the events that occurred after Cellco's acquisition of WWC; and the current state of WWC as it purportedly exists as a subsidiary of Cellco. This background and overview information as follows is particularly relevant to understanding Staff's argument that WWC's designation ceased to exist at the time of the merger.

6. Q. Who is Cellco and what is Cellco's relationship to WWC?

A. Cellco is a wholly owned subsidiary of Verizon Communications, Inc.[5] Cellco acquired Alltel Corporation ("Alltel") on January 9, 2009.[6] WWC was a wholly

[5] *See* UNITED STATES SECURITIES AND EXCHANGE COMMISSION Form 10K of Verizon Communications, Inc. for 2009 at 3.

owned subsidiary of Alltel, which was acquired by Cellco. As such, the Application states that WWC is now a subsidiary of Cellco.

7. Q. What authority does WWC hold in Nevada?

A. WWC is a registered CMRS provider (CMRS 39) and a competitive ETC ("CETC") in rural and non-rural counties of Nevada.[7] I note that WWC filed a new registration using the Verizon Wireless fictitious name with this Commission on September 7, 2010.[8] As noted above, WWC also has held ETC authority in this state pursuant to Docket Nos. 00-6003 and 04-3030.

8. Q. Where in Nevada did WWC have authority to operate as an ETC?

A. WWC was granted ETC authority to operate in the rural study areas of Beehive Telephone Company of Nevada, Inc., Filer Mutual Telephone Company, Churchill County Telephone Company, Citizens Telecommunications Company of Nevada, and several non-rural exchanges of Nevada Bell Telephone Company ("Nevada Bell") in Docket No. 00-6003.[9] Additionally, WWC was subsequently granted ETC authority to operate in the study areas of Nevada Bell in Duckwater, McGill, Schurz, and the Winnemucca wire centers.[10] The Commission denied WWC's request for ETC designation in the study areas of Humboldt Telephone Company and Lincoln County Telephone System, Inc. in Docket No. 04-3030.[11]

9. Q. Where does Cellco currently provide telecommunications services in Nevada?

A. Please refer to Attachment JG-2. This exhibit is the map of Cellco's statewide coverage, publicly available on its website.[12] For purposes of evaluation of this

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[6] *See* Application at 1.

[7] Note: the term non-rural refers to the study area of Nevada Bell and not the major population centers of Nevada.

[8] *See* Revised registration of WWC License, L.L.C. d/b/a Alltel for a change of name to WWC License, L.L.C. d/b/a Verizon Wireless, in Docket No. 10-08028.

[9] *See* Compliance Order, Docket No. 00-6003, at 3 (Aug. 22, 2000). WWC amended its application on June 13, 2000 to exclude some exchanges from its request.

[10] *See* Compliance Order, Docket No. 04-3030, at 15 (Aug. 12, 2004). WWC's request for ETC designation in the Verizon Mina exchange was approved subject to filing a request with the FCC to redefine the exchange. WWC subsequently withdrew its request for ETC designation in the Verizon Mina exchange by a letter to the Commission dated August 26, 2008.

[11] *Id.* 13-14.

[12] *See* http://www.verizonwireless.com/b2c/CoverageLocatorController?requesttype=NEWREQUEST.

Application, Cellco provides service in almost all of the areas where WWC was designated for universal service support by this Commission in 2000 and 2004.

10. Q. How did Cellco's acquisition of Alltel/WWC affect the Nevada service area of WWC?

A. The FCC required as part of its approval of the merger between Cellco and Alltel that Cellco divest certain WWC facilities, customers, and assets in Nevada. Cellco divested operations in Elko, Eureka, Lander, White Pine, and Lincoln Counties.

11. Q. Please explain the FCC requirement for Cellco to divest specific WWC facilities, customers, and assets.

A. Cellco was required to divest Rural Service Areas ("RSA") 2 & 5 as part of the merger conditions entered into with the FCC.[13] Specifically, after the close of the merger, Cellco was required by the FCC to place the WWC facilities, customers, and assets to be divested by Cellco into a trust, which was a wholly-owned subsidiary of Cellco named Abraham Divestiture Company, LLC ("ADC").[14] Cellco's subsidiary that was ADC's parent later sold its interest in ADC to AT&T Mobility, LLC.[15]

12. Q. What are the requirements Cellco must meet in order to be designated an ETC?

A. Generally speaking, state commissions are charged with reviewing ETC designation applications for compliance with 47 U.S.C. § 214(e). A carrier designated as an ETC must offer the services supported by the federal universal service mechanisms throughout its designated area.[16] These supported services must be offered using the carrier's facilities or a combination of the carrier's facilities and another carrier's facilities.[17] Carriers also must advertise the supported services, as well as Lifeline and Link Up services, every three months using media of general distribution.[18]

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[13] *See* Direct Testimony of Linda Stevens at 5.
[14] *Id.* at 7-8; *see also* In the Matter of Applications of AT&T, Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent To Assign or transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement, FCC 10-116, at ¶ 12 ("Divestiture Approval").
[15] *See* Divestiture Approval at ¶ 12.
[16] *See* NAC 704.680461.1(b).
[17] *See* NAC 704.680461.1(b)1 & 2.
[18] *See* NAC 704.680461.1(c).

Additionally, in accordance with the Communications Act of 1934 ("Act"), the state commission must evaluate whether designation is in the public interest.[19] Section 214(e)(2) of the Act provides:

> A State commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier for a service area designated by the State commission. Upon request and consistent with the public interest, convenience, and necessity, the State commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the State commission, so long as each additional requesting carrier meets the requirements of paragraph (1). Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the State commission shall find that the designation is in the public interest.[20]

Staff witness Ms. Nichole Matzek addresses some Staff concerns related to the advertising done by WWC/Cellco post-merger, as well as Cellco's request for deviation from NAC 704.680461(1)(a) regarding the requirement to hold a certificate of public convenience and necessity ("CPCN") in order to be designated as an ETC. I discuss whether Cellco's designation is in the public interest regarding rural telephone company exchanges and is consistent with the public interest, convenience, and necessity for the non-rural exchanges.[21] Staff witness Manuel Lopez also is addressing components of the public interest determination that support Staff's overall recommendation as outlined in my testimony. Given Staff's recommendation that the Commission should deny this Application and that if Cellco wants to be designated as an ETC in Nevada, it must come back to this Commission and file a new application, no Staff witness addresses whether or not Cellco provides the supported services required by NAC 704.680461.

13. Q. Which of Cellco's competitors in the requested ETC Designated Areas of Nevada currently receive federal high-cost USF funds?

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[19] See 47 USC §214(e)(2).
[20] *Id.*
[21] *See* Compliance Order, Docket No. 04-3030, at 11.

A. The incumbent local exchange carriers ("ILECs") all receive some federal USF funding in the areas where designation is being requested by Cellco. WWC and another ETC in Nevada, Commnet of Nevada, LLC, are the only CMRS providers that have received federal high-cost USF support in those areas, while other providers such as AT&T Wireless, Sprint, and T-Mobile do not receive federal high-cost support, even though each provide telecommunications services in similar areas of the state as WWC.[22] In 2009, Nevada received a total of $25.57 million of federal high-cost universal service funding for both incumbents and CETCs.[23]

14. Q. Please explain the "cap" for CETC federal high-cost funds in Nevada.

A. The FCC imposed an interim cap on the amount of CETC high cost funding to control the growth of the federal USF payments nationwide.[24] The cap for Nevada is currently $530,771 monthly or $6,369,252 annually.[25]

15. Q. Please explain why Cellco's and WWC's USF is being phased down and how this will affect the state.

A. A condition of the FCC's approval for the Cellco and Alltel merger was a phase-down/out of the USF paid to Cellco.[26] Each year for five years, federal USF support that Cellco would receive from the USF is phased-down in 20% increments each year.[27] The phase-down commenced in 2009.[28] The phase down will affect the

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[22] *See* AT&T Wireless's website for its coverage in the Designated Area at http://www.wireless.att.com/coverageviewer/#?type=voice&lat=39.522099999999995&lon=-118.29490000000001&sci=3, T-Mobile's website at http://www.t-mobile.com/coverage/pcc.aspx, and Sprint's website at http://coverage.sprintpcs.com/IMPACT.jsp?INTNAV=SJS:HE:Cov. A quick comparison of the Cellco coverage to the other carriers' coverage indicates Cellco has a widespread footprint in Nevada.

[23] *See* USAC Annual Report 2009, at 40, or http://www.usac.org/about/universal-service/fund-facts-charts/hc-Disbursements-by-Component.pdf.

[24] *See* High-Cost Universal Service Support; Federal-State Board on Universal Service, 73 Federal Register 37882 (July 2, 2008).

[25] *See* Attachment ML-2, FCC letter to Karen Majcher, Vice President, High-Cost and Low Income Division of USAC dated August 24, 2010. The capped amounts discussed above assume that the corrections recommended by USAC to the FCC will be implemented as described in this letter, which will reduce the monthly amount of Nevada's capped CETC support from the March 2008 baseline of $595,631. Mr. Lopez uses a different annual number in his testimony for the annual cap and has explained in his testimony why his calculations have utilized a higher capped amount.

[26] *See* Direct Testimony of Linda Stevens at 7.

[27] *Id.*

[28] *Id.*

statewide annual cap referenced above, effectively reducing it each year for the applicable amount paid to Cellco/WWC. In 2013, all amounts that would be paid to Cellco/WWC, are effectively removed from the Nevada state cap of $6,369,252 annually. Mr. Lopez's testimony discusses the economic effects of the phase down on the annual CETC state cap more fully.

16. Q. Please explain what the *Corr Order* concerns and the impact of the *Corr Order* in Nevada.

A. As noted above, as part of the Cellco/Alltel merger conditions, Cellco is required to phase down universal service support each year for five years until it no longer receives federal USF. In an *Order and Notice of Proposed Rulemaking* released in September 2010 by the FCC, the FCC found that as Cellco phases down its universal service support, that money is to be "reserved as a potential down payment on proposed broadband universal service reforms as recommended by the National Broadband Plan ..."[29] As such , the federal high-cost universal service support money phased down or surrendered by Cellco is not retained by each state for redistribution to other or new CETCs as part of the state cap on federal universal service.[30] Rather, the state cap is reduced by the phased down amount on a going forward basis. Although it is not an issue in this state, the FCC also required the phase down of support for Sprint Nextel (another CMRS carrier with similar merger conditions). The remaining monies from the phase down were or are to be used as a down payment for proposed broadband universal service reforms. The FCC stated: "Therefore, where Verizon Wireless [Cellco] and Sprint Nextel ***remain ETCs within a state*** but surrender high-costs universal service support to which they would otherwise be

[29] *See* In the Matter of High-Cost Universal Service Support Federal-State Joint Board on Universal Service Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LLC, WC Docket No. 05-337, CC Docket No. 96-45, FCC 10-155, at ¶ 1 ("*Corr Order*").
[30] *See id.* at ¶ 11.

entitled, the surrendered support will not be redistributed to other competitive ETCs in the state as high-cost support."[31]

Staff also notes that as part of the FCC's process in deciding the *Corr Order*, Cellco (Verizon Wireless) filed comments that support the FCC's lowering of the state caps and using phased down money from Cellco and Sprint Nextel to fund the broadband universal service programs. See Attachment JG-3.

17. Q. What other concerns do you have related to the *Corr Order*?

A. As part of the *Corr Order*, **the FCC also issued** a Notice of Proposed Rulemaking that sought comment on modifying the FCC's rules to reclaim additional universal service support for the broadband universal service program. One specific way that the FCC is looking to reclaim additional universal service support is to lower the state cap if an ETC relinquishes its designation.[32] This is particularly concerning given the limited flexibility that federal statutes permit states to exercise for relinquishment applications. States are required to permit an ETC to relinquish its designation if another ETC serves the designated area.[33] If the FCC adopts its proposed changes, which it has not yet done so, and if this Commission grants Cellco any authority in this state, Cellco could file to relinquish its designation at any time and automatically lower the CETC state cap.

18. Q. Do we know what the FCC's proposal is for universal service broadband reforms?

A. At this time, we do not know what the FCC's plan is for distribution of universal service broadband money. It appears that the preliminary plan is surrendered for universal service broadband funds to be used to support broadband internet service nationwide.[34] However, the FCC has not started to formulate the specific plan for

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[31] *See id.* (emphasis added).
[32] *Corr Order* at ¶ 23.
[33] 47 U.S.C. § 214(e)(4).
[34] *See, e.g.*, Federal Communications Commission, Connecting America: The National Broadband Plan (rel. March 16, 2010) ("National Broadband Plan").

broadband universal service reform, although it was scheduled to do so in the last quarter of 2010.[35]

19. Q. When do federal USF payments to Alltel/WWC properties cease?

A. Five years after Cellco's acquisition of Alltel on January 9, 2009. Therefore, by 2013, Cellco will no longer receive USF money in Nevada.

20. Q. Why isn't the phased-out federal high-cost funding not paid to Alltel/WWC redistributed to other carriers in this state?

A. As noted above, pursuant to the FCC's ruling in the *Corr Order*, those funds will not be redistributed as high-cost funding to the remaining carriers in the states. The state cap for Nevada's CETCs is effectively reduced going forward.

21. Q. How will the loss of USF funding for high cost support affect the remaining CETCs in Nevada?

A. The loss of high-cost support will likely reduce investment in new and improved facilities to provide these essential services. Once funds are relinquished by Cellco, the funds that were paid to Cellco are no longer available to the remaining CETCs operating in each state, or to future CETCs that may be granted ETC authority in Nevada. Since the loss of the funding is permanent, any addition of customers by remaining CETCs, or additional CETC entrants to Nevada markets will dilute the remaining funds available for CETCs.

22. Q. How does the loss of USF funding affect Nevada telecommunications customers who depend on CETC services in rural Nevada?

A. The answer may not be immediately apparent until this money is lost. However, there are several areas in Nevada where residents rely primarily on wireless services for their telecommunications requirements. Two examples of wireless served communities are Belmont and Peavine Valley, Nevada. Wireline services are not available because of the prohibitively high costs of extending wired facilities to these

[35] *See* National Broadband Plan, Broadband Action Agenda, at http://www.broadband.gov/plan/broadband-action-agenda.html.

areas. When federal funding is lost by CETCs, investment will be cut back in the rural areas of Nevada, which ultimately affects service provided to the customers. Loss of funding will result in cancellation of projects to expand and improve services by CETCs, which in some areas of Nevada are the "default" providers of last resort ("PLRs").

23. Q. Are there still areas in Nevada that lack telecommunications services?

A. Portions of Elko, Humboldt, Lincoln, and Nye Counties have significant under and unserved areas by land mass. Although satellite services are available, these services are very expensive and are not a viable substitute for terrestrial telecommunications service.

24. Q. How does Cellco think ETC funding would benefit it from a financial perspective?

A. Cellco claims it is necessary for competitive reasons and for purposes of paying for needed upgrades or costs for facilities in the designated area. However, as noted above, Cellco has ***operated*** in these areas it now requests ETC designation ***for years without the need for support***. As such, Cellco's claim that it requires access to high-cost universal service funding for competitive purposes is confusing. I will discuss this issue in more detail later in this testimony.

25. Q. How does Cellco believe its receipt of federal high-cost funding will enhance competition in the designated exchanges?

A. Cellco stated in response to Staff 24:

> Continued receipt of federal high-cost universal service support allows Verizon Wireless to defray a portion of the significant costs it incurs to maintain, expand and improve service within the Designated Area. The fact that federal high-cost universal service support is available to incumbent and competitive ETCs within the Designated Area indicates that the cost of providing service is sufficiently high such that a carrier may not otherwise be able to justify the business case for extending or maintaining service to consumers in this area. Thus, in the absence of federal high-cost universal service support, Verizon Wireless may be unable to expand service within a timely manner, within portions of the Designated Area, thus reducing or eliminating competition from the marketplace in these areas.

However, if Cellco has historically operated without support in the Nevada market, Cellco's request for federal high-cost universal service support at this juncture is puzzling to Staff, especially when the support is temporary and dwindles to a meager amount in the last two years of the phase-down. Therefore, while Staff does not necessarily believe that Cellco would use the support for purposes other than for the stated intended purposes, Staff questions whether Cellco may also have other motives for seeking high-cost support. Specifically, Staff wonders if Cellco is interested in using universal service support to increase profits, support competitive services or as a business strategy to prevent other Nevada CETCs from accessing funding to support investment in their competing ETC designated telecommunications networks.

26. Q. Is Staff concerned about Cellco's use of federal high-cost funding to enhance competition in the designated exchanges?

Yes. The high-cost funds must only be used by an ETC for the provision, maintenance, and upgrading of facilities and services to provide the supported services.[36] I address this specific question more fully above; however, a policy concern to weigh is to what extent does the goal of universal service yield to the goal of promoting competition. Staff believes that consumers must have access to the network, i.e., the goal of universal service is to provide for telecommunications access in Nevada at an affordable price. Staff questions to what extent Cellco is concerned about its competitive position, which clearly in this case, is at odds with the universal service goals for this state.

I. Recommendation #1: Deny Cellco's application to amend its ETC designation in Nevada as requested.

27. Q. Why does Staff oppose the amendment of WWC's ETC designation in rural telephone areas to Cellco and its affiliated legal entities?

[36] *See* 47 U.S.C. § 254(e).

A. There are several reasons, which I will identify below, but Staff's opposition to the Application filed by Cellco stems primarily from the fact that Cellco's Application was very misleading,[37] Cellco has not been candid with this Commission since the merger with WWC and its affiliated companies, and the grant of the request would not satisfy the public interest in Nevada.

28. Q. Can you explain why Cellco's request was misleading?

A. Staff addressed this issue in its Comments filed on October 13, 2010. Although the Application requests amendment of the ETC designation, Staff views the Application as a request for new ETC authority. However, Cellco's Application also is a request for this Commission to retroactively approve Cellco's actions that include receiving universal service support on lines for which this Commission never granted approval of such support.[38] Cellco requests in its testimony "amendment of the prior ETC designation orders to reflect that Verizon Wireless is the competitive ETC serving the Designated Area."[39] Cellco's testimony also characterized the Application as described below:

> The essential purpose of the Application is administrative. The amendment is intended to ensure that the Commission, Staff and, most importantly, consumers understand that the collective Verizon Wireless operations are responsible for compliance with the universal service requirements and obligations throughout the Designated Area and that all customers served by the Company are treated exactly the same for universal service purposes.[40]

Clearly, Staff does not believe that the statements above represent an accurate and transparent picture of what Cellco's actual Application and testimony are requesting.

29. Q. Can you describe Cellco's apparent lack of candor to this Commission and why it concerns you such that you would recommend denial of the Application and state that WWC's designation has effectively terminated?

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[37] *See* Regulatory Operations Staff Answer and Comments filed October 13, 2010 at 1-4.
[38] *Id.*
[39] *See* Direct Testimony of Linda Stevens at 9.
[40] *Id.*at 10, ll. 4-9.

A. Given WWC's designation in this state and the important role WWC has played in providing service to underserved or unserved rural areas in the state since 2000, Staff had been loosely monitoring the merger between WWC/Alltel and Cellco (Verizon Wireless) that was being reviewed by the FCC in 2008. After the close of the merger, Staff asked several questions to an Alltel official and later to employees of Cellco.[41] At the time, Staff had several concerns, chief among them was how Cellco would or would not integrate WWC into its system for purposes of federal universal service support. As is more fully discussed below, Staff wanted to determine whether or not Cellco would seek to continue receiving federal high-cost support in Nevada and to what extent Cellco would attempt to mimic the current designated area for WWC. Staff specifically expressed the concern that Cellco had been providing service for a number of years without federal universal service support in the areas designated for WWC, but had no authority from this state to get high cost support for its existing customers (as opposed to WWC's customers). Staff had expressly pointed out that WWC's lines or customers were the only lines for which Cellco had authority to collect universal service support. Although Staff had several conversations with the Alltel or Cellco representatives, it was not until the discovery process in this Docket that Staff received full disclosure and confirmed that: (1) Cellco has been reporting to USAC for purposes of federal high cost support all of its existing legacy lines in addition to the WWC lines even though Cellco had no state authority to do so; (2) Cellco has so inextricably intertwined its operations with WWC that it has stated in discovery in this Docket that it cannot separate WWC customers from Cellco customers for purposes of reporting lines for high cost support; (3) Cellco states that it has reported all of its lines along with WWC's lines under guidance from FCC staff, but did not inform the Staff of this Commission or the Commission itself of this fact until this case; (4) from the best information Staff has available, it appears Cellco did

[41] *See* the discussion below in Q&As 52 and 53 for information about Staff conversations with Cellco/Alltel personnel.

not formally (in writing) notify this Commission of the details related to the informal FCC guidance or its reporting of lines for Cellco entities to this Commission when the Commission made its annual certification to the FCC and USAC for purposes of verifying WWC's eligibility to receive federal high cost support; and (5) Cellco has filed in this instant Application what appears to be a *pro forma* amendment to the ETC designation and left out of the Application much of the details that complicate the amendment, only disclosing key information in discovery responses and then filing testimony that in essence supports an application for a new designation, while describing this application as administrative, but not describing to the Commission why Cellco felt it needed to provide such information.

30. Q. What is the result of Cellco's lack of candor?

A. First and foremost, the lack of candor could result in federal high-cost money leaving the state forever. As noted above, Nevada's competitive ETC support is capped at $6,369,252 annually and is divided up amongst the CETCs designated by this state. Since Cellco agreed as part of the merger to phase down its support over a five-year period and since Cellco has been collecting USF funding since the merger without state authority, the cap in Nevada is already shrinking as a result of the phase down.[42] As a result, the other CETC in Nevada already has experienced a reduction in federal USF support. However, this Commission has never been provided with an opportunity to weigh whether or not it was in the public interest for Cellco to receive federal high cost support and for that support to be phased down, leave the state forever, and reduce high-cost support for the other CETCs in the state.

As the FCC has stated itself, Congress delegated to the individual states in 47 U.S.C. § 214(e) the authority to determine whether an applicant was qualified to be an ETC. The FCC noted in particular: "We believe that section 214(e)(2) demonstrates Congress's intent that state commissions evaluate local factual situations in ETC cases

[42] The loss of federal high-cost funding is due to the phase-down required by the FCC, and the reduction to the state cap required by the *Corr Order*.

and exercise discretion in reaching their conclusions regarding the public interest, convenience and necessity … [S]tate commissions, as the entities most familiar with the service area for the ETC designation is sought, are particularly well-equipped to determine their own ETC eligibility requirements."[43] This Commission is clearly the governmental entity best posed to evaluate whether it was appropriate for Cellco to receive federal high-cost funding in the areas where WWC had been designated, particularly since Cellco had been providing service in the areas where WWC was designated for years without any high-cost funding. This Commission also is the governmental entity best posed to answer the question of whether it is in the public interest for high-cost funding to be reduced for other CETCs in the state and to leave the state permanently. However, Cellco's timing for filing this Application, long after the merger and well after Cellco began reporting its own lines (not just WWC lines) for support, has effectively removed this Commission from the process of determining whether or not high-cost funding should be reduced for Nevada and for the other CETC receiving federal high-cost support in Nevada.

31. **Q. Please detail the other reasons why this Application should be denied?**

A. There are several other reasons I have listed below that strongly weigh in favor of denial of Cellco's Application, as well as more fully support Staff's recommendation that this Commission find that WWC's designation effectively ended at the time of the merger between Cellco and Alltel. Although I more fully explain each of these concerns later in testimony, I outline the reasons here:

1. As partially discussed above regarding the lack of candor, there are numerous deficiencies in Cellco's Application.
2. Cellco has operated in the rural areas where it requests amendment of WWC's designation for years without the need for support.

[43] *In the Matter of Federal-State Joint Board on Universal Service*, 20 F.C.C.R. 6371, 6396, ¶61 (2005).

3. Due to the phase down requirement agreed to by Cellco and discussed above, federal high cost funding is provided by USAC to Cellco at a proportionately lower percentage than other CETCs in Nevada and thereby is an inefficient use of resources, namely federal monies, since it will receive only 20-40% of the federal high-cost support in 2011 and 2012, respectively, then 0% in 2013. Since other CETCs receive a full 100% (assuming the cap for the state is not reached) the full capped support is an incremental benefit to Nevada.
4. Federal high cost funding provided to Cellco will cease at the end of 2012 in accordance with the phase down.
5. Pursuant to the *Corr Order*, federal high cost funding provided to Cellco will not be redistributed to other CETCs in Nevada when Cellco's support phase-down is completed at the end of 2012, thereby reducing federal support for all current and future CETCs in Nevada.
6. Federal high cost funding lost by Cellco, or CETCs, cannot be requested by Cellco or other CETCs in the future from the Nevada fund to maintain the availability of telephone service ("NUSF") because the money is only available to PLRs by state law. Cellco's request for additional funds in Nevada is contrary to the FCC's mandate to phase-down high cost support.
7. The FCC's approval of the Alabama, North Carolina, and Virginia amendment and consolidation of Cellco's ETC designations does not apply to Nevada since the FCC had authority to designate ETCs in those states, but the FCC lacks the authority to determine ETC eligibility in Nevada.
8. The phased-down support, which will be allocated to the broadband fund as part of the *Corr Order* outlined above, is not a benefit for Nevada telecommunications customers. Moreover, if Cellco is granted any authority by this Commission, it can at a future time relinquish this designation, which may cause the CETC cap in Nevada to be reduced as well.

9. At this time, Staff has no idea what will happen with the broadband fund the FCC intends to undertake and whether any money will flow back to Nevada as part of this effort.

Given the above, Staff is very concerned about the potential for permanent loss of millions of dollars of federal funds to support telecommunications services in Nevada, without any way of knowing if and to what extent money might flow back into the state under the new proposed broadband fund. Approval of Cellco's request would cause and speed up the loss of federal funds and has an adverse affect on Nevada's economy. I will explain each of these points below and Staff witness Manny Lopez will elaborate on the economic impact of the loss of federal high-cost support on the state's economy.

32. Q. What are the deficiencies Staff found in the Cellco application?

A. Cellco has requested amending the ETC designation on behalf of itself and those of its subsidiaries and affiliates held by WWC to reflect Cellco and its affiliated entities as designated for federal universal service support.[44] The fact, however, is all customers and facilities of Cellco ***which are not those of WWC***, would be designated as ETC eligible for the first time, ergo Cellco's request should truly be a request for new ETC authority. Furthermore, since the merger, Staff does not believe WWC's ETC designation was valid because WWC was partially divested, with the remaining assets absorbed by Cellco fully, and ceased to exist as a separate entity. Therefore, Staff has reviewed the Application as it pertains to non-ETC designated facilities, customers, and assets and believes it is a request for a new designation for previously undesignated Cellco services. Moreover, Staff believes this to also be a request that this Commission retroactively approve actions taken already by Cellco for which it had no authority. Staff cannot support the implicit request for new designation for legacy Cellco lines nor the ex poste review of actions taken by Cellco contrary to this

[44] *See* Application at 1.

Commission's authority under federal law.

33. Q. Did Cellco request designation as an ETC in this Application?

A. No, as I state above, Cellco appears to wish to skirt around a new ETC application and instead requested an amendment to WWC's ETC authority in Nevada as an administrative requirement to clarify which companies were the "serving" entities for the former ETC designee.

34. Q. Please explain this concept further.

A. Cellco has never been granted any ETC authority by this Commission. WWC was granted ETC authority in 2000, which was subsequently expanded by the Commission in 2004. Since Cellco did not have ETC authority, the Commission cannot "amend" fictitious authority. ETC authority, as noted above, must be granted by the jurisdictional authority, namely this Commission. Cellco could not simply "choose" to exercise WWC's authority to receive federal high-cost support, particularly given WWC's assets were divested in RSAs #2 and #5, and were completely blended with Cellco in the remainder of what was WWC's designated area.

35. Q. Did Staff attempt to discuss the status of WWC's ETC designation as a result of the Cellco merger with Cellco representatives?

A. Yes. Staff had discussions with Cellco and even advised Cellco it was Staff's opinion that it must request ETC designation from the Nevada Commission if it was going to attempt to report any of Cellco's legacy lines as eligible for federal high-cost support. Furthermore, as I discussed above, Cellco contacted the Commission directly to obtain certification of its two WWC study area codes, but did not indicate what carrier's lines it intended to report. Staff details more fully below in Recommendation #2, its communications with Alltel and Cellco representatives post-merger but prior to the filing of this Application.

36. Q. Please describe some of the concerns Staff encountered when it discussed this ETC issues with Alltel or Cellco representatives.

A. At the time of the merger, Staff attempted to discuss this and other issues with WWC. Staff found it difficult to get clarification regarding how service was affected by the merger with Cellco. It appeared to be that the representatives of WWC with whom Staff normally spoke were also on a "learning curve" regarding the impact of the merger for Nevada and other states on operations. Staff specifically encountered difficulties in attempting to "sort" out the issues that may impact Nevada, and this was compounded by the fact that Cellco was required to divest WWC properties in Nevada, but Cellco retained some wireless assets of WWC and WWC provided fixed wireless service to the PLRs customers in Lander County, Nevada.[45]

37. Q. Why is it relevant what Staff discussed with Cellco prior to this Application?

A. As noted above, Staff believes it is relevant primarily to demonstrate Cellco's lack of candor in this Application, which certainly has affected Staff's opinion as to whether it is in the public interest for Cellco to be designated as an ETC in Nevada. Staff also is detailing its communications with Cellco prior to this Application to explain why Staff believes Cellco's delay in filing for ETC authority is unjustified.

Staff believes that Cellco has caused the issues now faced by this Commission, as it was not forthcoming with Staff and the Commission regarding vital information about the merger and other activities surrounding the merger. As a result, Cellco now requests the Commission to ignore the financial magnitude of the impact of these events on the state, and thereby approve an "administrative" change via this application.

38. Q. Why did Cellco decide to file an application nearly two years after Staff informed Cellco that it should file an application?

A. The answer is not clear. Cellco did file applications for ETC status in 10 states nationwide.[46] However, it is possible that Cellco was prompted by the FCC's *Corr Order*, which was released one week before Cellco filed in this state and clarified that

[45] *See* Interim Order, Docket No. 93-7010, at 2 (issued December 19, 1994).
[46] *See* Attachment JG-4, Cellco's response to Staff 19, 19.1.

any money phased down by Cellco as a result of the merger conditions would be recaptured by the FCC for the broadband fund as opposed to being made available to other CETCs in the state.

Cellco also appears to believe that it was appropriate to act without this state's authority. Cellco has told this Commission that FCC staff stated that Cellco should go ahead and begin reporting all lines in the designated areas of Alltel/WWC, which included Cellco's lines. Given the clear jurisdiction established by the Act for ***this Commission*** to act to designate ETCs, ***this Staff*** is confused as to why Cellco thought it was appropriate to rely on FCC staff for direction as opposed to what the Staff of this Commission clearly communicated Cellco should do which was: if it planned to report any of Cellco legacy lines as eligible for federal high-cost support, it had to get a designation from this Commission first, or at least as soon as possible.

39. Q. Is Staff concerned about Cellco's use of federal high-cost funding to enhance competition in the designated exchanges?

A. Yes. The high-cost funds must only be used by an ETC for the provision, maintenance, and upgrading of facilities and services for which the support was intended.[47] Staff does not have evidence that demonstrates that Cellco needs to receive high-cost funds to provide, maintain, and upgrade the services supported by the universal service fund, because Cellco appears to already have been providing such services in the relevant designated area for some time.[48] Staff notes that financial information was provided on a total company basis, not for the exchanges in Nevada. While Cellco did not provide a build-out plan that demonstrates its intended uses for the federal high-cost support, there remains a lack of quality information or evidence to truly evaluate the necessity of designation for support purposes.

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[47] *See* 47 U.S.C. § 254(e).

[48] See 47 U.S.C. § 214(e)(2) (stating that an ETC can be designated by the state commission "[u]pon request and consistent with the public interest, convenience and necessity ...").

40. Q. Is Staff concerned about Cellco's implied lack of funds to support operations in rural areas it acquired?

A. No. Generally, mergers are allowed because they provide long-term savings or synergies to the merger partners. There are synergies from the Cellco and Alltel merger, including "reduced network costs to operate the consolidated network[,]" which Cellco has acknowledged itself in its discovery responses. See the response to Staff 39, attached as JG-4. Cellco also acknowledges savings by its merger in its most recent 10K filing for 2009:

> As a result of the Alltel Acquisition, we have experienced cost savings from reduced roaming costs, the elimination of duplicate facilities and reduced overall expenses relating to advertising, overhead and headcount. We also expect to experience reduced overall combined capital expenditures as a result of greater economies of scale and the redeployment of redundant network assets. Our network and Alltel's network both employ code division multiple access ("CDMA") technology, which is facilitating the integration of Alltel's network operations with ours. We cannot, however, assure you that we will be able to achieve all of the anticipated cost savings and other benefits in connection with the Alltel Acquisition.[49]

These savings due to the merger certainly offset any federal high-cost support Cellco could receive.

41. Q. Why does Staff find that designation of Cellco is not in the public interest?

A. Although the application requested an amendment to WWC's ETC designation, it appears Cellco has provided via its testimony and the discovery process information equivalent to an initial request for ETC designation. Section 214(e)(2) of the Act states:

> Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the state commission shall find that the designation is in the public interest.[50]

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[49] *See* UNITED STATES SECURITIES AND EXCHANGE COMMISSION Form 10K of Cellco Partnership for 2009 at 2.

[50] *See* 47 U.S.C. § 214(e) (2).

The reasons I elaborated above support Staff's conclusion that any designation of Cellco in Nevada as an ETC is not in the public interest. Specifically, in addition to the lack of candor, the loss of high-cost funding to the state as a result of the *Corr Order* combined with the phase down, the inefficient use of funding because any support for Cellco will be phased-down over the next few years, the impact on competitors because of high-cost funding leaving the state, as well as the lack of evidence to support any necessity on the part of Cellco to have high-cost funding in Nevada all provide ample evidence that granting Cellco's request is not in the public interest. Certainly, Cellco's designation would not be in the public interest for Nevada's telecommunications customers in rural areas (including the rural exchanges of Nevada Bell). As such, Staff recommends the Commission should not find this application to be in the public interest.

42. Q. Does Staff support Cellco's ETC request for the provision of Lifeline and Link Up service?

A. No, not at this time. For the benefit of its customers, Staff encourages Cellco to file a separate application with the Commission seeking Lifeline and Link Up funding. However, given the deficiencies of the current Application, Staff cannot support the designation of Cellco for Lifeline and Link Up services at this time. Fortunately, according to Cellco's response to Commnet's Data Request No. 3-13, Cellco currently only has 22 Lifeline customers in the WWC designated areas. Staff will ensure that such an application for Lifeline and Link Up service is acted upon quickly, if filed.

43. Q. Please summarize Staff's recommendation.

A. The Commission should deny Cellco's Application for amendment of WWC's ETC authority since it is not in the public interest for Nevada to permanently lose significant federal funding for current and future CETCs operating in this state. The Application requests amendment of ETC authority; however, no authority is held by Cellco to amend the WWC designation. Since this is the first opportunity for this Commission to weigh in on the gravity of the FCC's decisions related to the phase

down and *Corr Order* on this State, and those resulting actions as it pertains to the Cellco/Alltel merger, Cellco's request to amend ETC authority it believes it holds for Nevada is not in the public interest.

II. Recommendation #2: Find that WWC's designation by this Commission in 2000 in Docket No. 00-6003 and the expansion of that designation for WWC in Docket No. 04-3030 were effectively terminated on the date on which the WWC and Cellco merger was completed.

44. Q. Please explain why Staff believes that WWC's prior designation as an ETC ceased to exist after the Cellco/Alltel merger?

A. There are two compelling reasons. 1) Cellco states that the FCC contemplated and approved folding the Alltel/WWC operations into Cellco to form a "seamless" entity to operate as "Verizon Wireless"[51]; and 2) Cellco was required to divest a significant portion of WWC's ETC assets in Nevada as required by the FCC to approve the merger. Given the divestiture of all of WWC's assets in specific counties and the actions by Cellco to inextricably intertwine WWC customers and facilities with Cellco post-merger, Staff believes that the existing WWC entity for which designation was approved in Docket Nos. 00-6003/04-3030 can no longer be considered a separate and viable entity for which a designation remains.

45. Q. Please discuss Cellco's formation of a "seamless" entity to serve customers.

A. The WWC and Cellco networks, business operations, and customers have been "integrated" as contemplated and approved by the FCC.[52] In fact, it is very clear that WWC operates and does business as "Verizon Wireless".[53] As noted below, Cellco has repeatedly informed Staff that the former customers of WWC cannot be readily identified due to the "integration" process:

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[51] *See* Application at 2.
[52] *Id.*
[53] *Id.*

- See response to Staff 2: "As explained in Application Exhibit C a page 2, the network and business operations that serve [Cellco] customers, and the network and business operations of each of its subsidiaries and affiliates, including WWC, are entirely integrated and operate collectively as Verizon Wireless."
- See response to Staff 11: "As noted in the Application Exhibit C at page 2, the network facilities of Cellco and each of its subsidiaries and affiliates operating in the State of Nevada, including WWC, are fully integrated. ***There is thus no way to distinguish between Cellco's signal coverage and WWC's signal coverage***." (emphasis added).
- See response to Staff 14: "As noted in Application Exhibit C at page 2, the subscriber bases of Cellco and each of its subsidiaries and affiliates operating in the State of Nevada, including WWC, are fully integrated and are ***not distinguishable as either WWC or Cellco lines***." (emphasis added).

This also is readily apparent from the discovery response of Cellco at Attachment JG-5, (Confidential Attachment). Even Cellco admits it is not able to separate the WWC customers from the legacy Cellco customers in Nevada.

46. Q. How did divestiture of a significant portion of WWC's ETC assets in Nevada as required by the FCC to approve the merger affect what was the Designated ETC?

A. It significantly changed the former entity that was designated an ETC. A significant portion of WWC assets in Nevada were required to be placed in a trust, ADC, ultimately to be divested by Cellco, as required by the FCC. ADC, the trust, did not have independent ETC designation and did not request any ETC designation from the Nevada Commission. This divestiture further split the entities operating in Nevada into carriers unlike the entity this Commission granted ETC status to in 2000 and the additional ETC designation granted later in 2004.

47. Q. Please describe the relevant post-merger entities that existed shortly after the merger was approved by the FCC.

A. The first was the remaining WWC entity, originally designated by the Commission (not including the divested areas). The second is the Cellco entity providing legacy "Verizon Wireless" services, which never had ETC designation in Nevada nor federal universal service support, but was providing service in both the divested an non-divested portions of WWC's designated area. The third is the divested WWC properties acquired by AT&T, which also never had ETC designation in Nevada.

48. Q. How did splitting up WWC and merging the remainder with Cellco affect the ETC designation?

A. Staff believes that the entity designated by this Commission no long exists post-merger, as it became indistinguishable from the Cellco entity that has never been granted ETC authority by this state or received federal universal service support. Put another way, this Commission determines eligibility pursuant to NAC 704.680461. To determine if a carrier can provide the supported services throughout its designated area using its facilities or a combination of its facilities and another provider's facilities, Staff has historically looked at the wireless applicant's network and signal coverage in the proposed designated area. Staff has always treated this part of its investigation as critical to the question of whether designation of ETC in the proposed area is appropriate. As detailed above, Cellco clearly states that the WWC network has been fully integrated into the Cellco network. Confidential Attachment JG-5 even more fully lays out the extent of network changes that occurred post-merger. Since the designated ETC no longer exists, no federal USF should be paid to the Cellco family of carriers.

49. Q. Did the merger affect Cellco/WWC from the point of the Commission's regulations for certifying ETC eligibility?

A. Yes, I believe it did. The entity serving customers as a result of the merger was using a combination of WWC facilities and Cellco facilities to provide service in the non-

divested areas, but it appears from data responses that Cellco's network has been used as the primary engine from which customers are served. In fact, in the confidential response to Commnet 3-1(A) (attached as Confidential Attachment JG-5), Cellco details the extensive conversion that occurred to WWC's network to make it compatible with the Cellco network. In the divested areas, only Cellco's network is being used to provide services to its customers. Given that this Commission is charged with knowing that an ETC can provide the supported services and given the extensive integration that went on post-merger, this Commission has not been presented with any information to determine whether the facilities now serving WWC's designated area were or are providing the supported services.[54] Furthermore, the merged entity advertising for the purposes of complying with NAC 704.680461.1(c) identified "Verizon Wireless" as a designated ETC provider at least since November, 2009.[55] As this Application clearly demonstrates, Verizon Wireless is not an authorized ETC in this state.

50. Q. What is Staff's suggested remedy?

A. Staff recommends the Commission notify USAC that the Cellco/WWC did not have any authority post merger to collect any federal universal service funds in Nevada. Therefore, any funds provided to Cellco/WWC since January 2009 should be returned to USAC. This is addressed by Staff in Recommendation #3. Although Staff understands the complexities of this remedy, in Staff's view Cellco has intentionally or inadvertently created the situation in which it now finds itself: having already collected support for which it had no authority.

51. Q. How can the Commission "undesignate" WWC if it was placed on the annual ETC certification letter sent to the FCC and USAC for 2009 and 2010?

A. Cellco has only now provided the key facts of the merger and how WWC was divested or integrated with Cellco post-merger in this Application, but it does not appear that

[54] *See* NAC 704.680461.1(b)1 & 2.
[55] *See* Direct Testimony of Staff witness Nichole Matzek at Recommendations 5 & 6.

such information was provided to this Commission prior to this case. The facts include, as noted above, the inextricable intertwining of WWC and Cellco in the non-divestiture areas. From the best information Staff has available, Staff believes that the Commission, while aware of the divestiture requirement, was not fully or specifically informed of WWC's complete integration into Cellco/VZW in the divested areas. More importantly, Staff certainly did not understand (and likely this Commission was not aware) that as part of continuing to certify that WWC was eligible for high-cost support, this Commission was inadvertently permitting Cellco to bootstrap its legacy customers into the WWC entity with state authority.[56] This is particularly disconcerting in the divested areas where nothing remains of the WWC that this Commission designated as part of its orders in 2000 and 2004. Although it is up to the Commission to determine what information it had at the time of certification to the FCC and USAC of WWC's eligibility to receiver federal high cost support in 2009 and 2010, certainly Staff did not have a full understanding that WWC was not being kept as a separate entity such that WWC's existing customers post-merger were the ***only*** ones receiving federal high-cost support. Staff also notes that, in fact, all of these facts were not presented to this Commission in even this Application. Cellco has tried to pass off this Application as equivalent to a name change or simply some kind of formality, but left out of the Application itself any details about having reported its lines, not just the WWC lines, for support purposes since the merger. Nor did Cellco's Application address the full integration of WWC and Cellco in the non-divested areas such that even the company itself cannot segregate these customers for support purposes.[57] These issues have largely been left to discovery and were not even fully addressed in testimony by Cellco, although certainly Cellco was aware by the filing of

[56] *See* Attachment JG-8, which are the May 2010 filings with this Commission from WWC regarding its eligibility for universal service (one for the divested areas and one for the non-divested areas). It is clear from these filings that the information before the Commission now was not previously shared as part of this Commission's annual certification to USAC.

[57] While the integration was mentioned in Ms. Stevens affirmation attached to the testimony, no details as to the integration were provided in the Application.

its testimony of Staff's concerns regarding these issues. It seems that Cellco wants this Commission to now retroactively approve its prior actions of reporting all WWC and Cellco lines in divested and non-divested areas for federal universal service support long after Cellco already took such actions to get support without this Commission's authority. In Staff's opinion, the Commission should give ex-post approval of such actions and, in fact, should tell USAC and the FCC that when the Commission certified WWC as eligible to receive high cost support in October of 2009 and 2010, the Commission lacked sufficient detail to understand that Cellco was already abrogating state authority.

52. Q. Can you please further describe the conversations Staff and WWC or Cellco representatives had post-merger but prior to the filing of this Application?

A. Staff requested information regarding the impact of the merger between Cellco and Alltel shortly after it was approved by the FCC. Staff was initially provided some limited information regarding the transaction by Staff's former WWC contact, Mr. Nathan Glazier. Initially, Staff was interested in the mechanics of the merger and its impact on the Nevada properties. Mr. Glazier and Alltel/WWC staff provided some information on a short conference call February 5, 2009. Mr. Glazier and the Alltel/WWC representatives also provided preliminary information on the divestiture process. Some of that information was that a trustee was operating the divestiture properties, and a phase-down of federal high-cost support was required as a condition by the FCC for merger approval, and company employees were "in flux." Notably, there was no decision yet whether Cellco was going to file an ETC designation request in Nevada. Subsequently, another short meeting was held between Staff and Alltel/WWC about a month later, in which Staff had requested an update on the merger issues discussed in the first meeting. I recall the meeting was no more than 15 minutes since little, if anything, had changed that was not already reported to Staff during the February 5, 2009 meeting.

53. Q. What later events did Staff observe that raised questions about the merger activities?

A. Later in the year, I noticed a new study area code ("SAC") for Alltel was listed in the USAC federal high-cost support work papers. I asked the Commission's policy manager, Mr. Charlie Bolle, if he was aware of the reason for an additional code and why it would be eligible for federal high cost support if this Commission did not grant that study area ETC Designation. Mr. Bolle was the only technical person on the policy side of the Commission with the requisite experience in telecommunications regulation to discuss this issue with at that time who would note any ETC authority changes in this state. We called USAC to get additional information regarding that "fugitive" SAC. USAC said the new SAC was given to the area in Nevada that Cellco was required to divest pursuant to the FCC's merger order for Cellco/Alltel. Please refer to the e-mail attached to my testimony as Attachment JG-6. Mr. Bolle and I discussed this further since an Alltel employee, who was on the earlier February 5, 2009 conference call with Staff, requested that the Commission certify the new SAC in her e-mail to Mr. Bolle. Of particular importance, I would note that Mr. Bolle also was concerned that ETC authority was not granted to the owner of the SAC (559004) in question. Mr. Bolle stated in the e-mail that is attached: "*Alltel is an ETC in Nevada however the purchase of Alltel does not make Verizon Wireless an ETC*"[58]. The Alltel SAC obtained by ADC (the Trust) was not certified as an eligible ETC carrier by Nevada in the annual certification letter provided to the FCC on August 14, 2009, despite Cellco/Alltel's request to designate the 559004 SAC.

The lack of specific information regarding, if, when, and how the merger between Cellco and Alltel would affect WWC's designation and was changing the WWC operations in Nevada, lead to further Staff inquiries. Staff believed that Cellco should file a request for ETC Designation, and advised Cellco that was Staff's

[58] *See* Attachment JG-6, from Charles Bolle to Rohan M. Ranaraja (Alltel) and C Davis (USAC) on September 29, 2009.

unofficial opinion. Please refer to the e-mail attached to my testimony as Confidential Attachment JG-7, from Mr. Steven Rowell, Cellco's legal counsel, on February 18, 2010 (without the registration attachments). That was the last communication regarding the ETC designation to the best of my knowledge until Cellco filed this application.

54. Q. Did Staff consider that, at least, the WWC designation survived post-merger?

A. Yes. When Staff initially began discovery in this case, Staff had an assumption that the WWC designation likely survived the merger. Staff initially thought that it might recommend to this Commission that Cellco be permitted to continue to receive universal service support for its WWC customers in the non-divested areas. In other words, Staff was considering holding Cellco harmless such that it continued to receive support in the non-divested areas equivalent to what WWC would have received.[59] However, the facts of this case overwhelmingly demonstrate otherwise. As detailed above and referenced in the Cellco response to Commnet's Data Request No 3-1(A), which is Confidential Attachment JG-5, WWC's network, facilities and customers are inextricably intertwined with Cellco's network, facilities and customers such that it cannot be segregated for support purposes. After Staff analyzed this information, Staff realized that it could not make a recommendation to the Commission to hold Cellco harmless by recommending it continue receiving support equivalent to what WWC received in the non-divested areas. Moreover, this inextricable intertwining raises other obvious issues when one considers that state commissions are charged with knowing that an ETC can provide the supported services using its facilities or a combination of its facilities and another provider's facilities. Staff realized that given that WWC customers were no longer served by the network or facilities this Commission had reviewed and approved for designation in 2000 and 2004, that this

[59] Given that WWC's customers were divested to AT&T Mobility and Cellco's existing network in the divested areas, which was built and operated for years without support, Staff never believed that Cellco should have any universal service support in the divested areas.

Commission had never received any evidence that the WWC entity was providing the supported services via this "new" Cellco network. Given the huge changes to the existing WWC entity and Cellco's failure to provide such information to this Commission prior to this Application, Staff questioned whether the WWC designation survived and whether this Commission had enough evidence to truly be able to certify WWC as eligible for support post merger.

55. Q. If Staff had some concerns related to WWC or Cellco and the ETC designation, why didn't Staff raise the issue sooner?

A. The magnitude of changes set in motion by the Cellco/Alltel merger on January 9, 2009 was not apparent to Staff until much later in that year, and even at that juncture, not all the facts were provided by Cellco, in order for Staff to evaluate what actions it might have needed to take beyond urging Cellco to file for ETC designation as soon as possible. However, given the above, Staff certainly wishes that it had more proactively engaged in follow-up with Cellco officials or better understood the USAC projection data prior to this Application to grasp that Cellco was reporting lines for which it had no authority in this state. Hindsight is always 20/20.

Nonetheless, Staff emphasizes that the reason this Commission is dealing with these tough issues has nothing to do with what Staff did and has entirely to do with what Cellco chose to do or not to do. Cellco has put itself and this Commission in a box such that the Commission is being asked to "bless" actions that Cellco has already taken without state authority. And, Cellco has requested that this Commission take such action under the guise of a "pro forma" Application. The simple fact is that Cellco had no authority to report its legacy lines in the divested or non-divested areas for support purposes, but has been doing so without such authority. The only thing to be done now is to recommend to the Commission possible steps that can be taken do undo the harm already done by Cellco's actions.

56. Q. Please summarize Staff's recommendation.

A. Staff requests the Commission find the designation of WWC was terminated at the date of the merger with Cellco on January 9, 2009 given the complete restructuring of WWC in Nevada.[60]

III. Recommendation #3: Find that Cellco has unlawfully reported lines to the USAC for support purposes but for which Cellco had not received approval from this Commission to report as eligible to receive support. The Commission should direct a letter to USAC and the FCC notifying these federal entities that Cellco has received support from the federal high-cost fund and for Lifeline funding for which it had no approval to do so in accordance with applicable laws.

57. Q. Why does Staff take issue with Cellco/WWC's past reporting that lines were Designated ETC lines in Nevada?

A. As discussed above, Staff believes no ETC authority survived the Cellco/Alltel merger.

58. Q. Why did Cellco commence reporting its legacy lines as Designated ETC lines in Nevada?

A. Cellco claims that is was following the FCC regulations and was acting under guidance from the FCC staff when it began reporting the legacy Cellco lines in the non-divested and divested areas for federal universal service support.

59. Q. Which regulation does Cellco claim requires it to report its legacy lines as Designated ETC lines in Nevada

[60] Staff notes that it also considered other dates besides the date of the merger for when WWC's designated authority might have terminated. For example, Staff considered that it could use the date on which the trust completed the sale to AT&T Mobility or when the integration was completed between Cellco and WWC in the non-divested areas. In the end, the merger date was the best bright line date for which Staff could make a clear determination of when WWC's authority stopped. Clearly, the merger date is the date on which Cellco had authority to divest certain assets and integrate the remainder of the assets. Given that authority, it also would have been around this date that Cellco should have come to ask this Commission for designation authority.

A. Cellco claims that 47 CFR § 54.307 requires it to report all lines in a Designated Area. Therefore, Cellco believes all lines under its common management must be reported to USAC for purposes of federal high-cost support.

60. Q. Does Staff agree that Cellco/WWC had authority to report these lines or was required to report lines under the FCC's regulations? What additional reason supports Staff's position?

A. Cellco, as discussed above, never was granted ETC authority in Nevada. Moreover, Staff does not believe that an FCC regulation detailing an administrative function of how lines are to be reported should trump the clear authority in federal statute for this Commission to designate ETCs in this state. To claim that an FCC regulation regarding line reports will dictate whether the Commission in Nevada has authority to designate an ETC in Nevada is nonsense. Moreover, regarding the FCC staff guidance, as noted above, Staff believes that Cellco had adequate knowledge that the Staff of this Commission thought it was necessary that Cellco seek designation prior to reporting its legacy lines.

61. Q. Please discuss the guidance provided by the FCC to Cellco regarding line reports to USAC for federal high-cost support.

A. Cellco had verbal contact with members of the FCC staff in which Cellco claims that the FCC staff agreed that Cellco should report all lines within an ETC Designated Area post-merger. Cellco memorialized these discussions in a letter from Cellco's regulatory department to the FCC.[61]

62. Q. Did Staff verify if this exchange of information between Cellco and the FCC was accurate?

A. Staff contacted the FCC and set up a conference call held on November 10, 2010. Staff discussed the Cellco/Alltel merger and line reporting with the FCC staffers. Staff requested information on why the FCC required Cellco to report all lines within

[61] *See* Attachment JG-9.

an ETC Designated Area, if it indeed did so. One of the FCC representatives, Ms. Vicki Robinson, said the FCC cannot answer Staff's questions on this call, but would "get back" to Staff with responses. Ms. Robinson did not commit to a time frame in which the FCC would respond to Staff questions. To date, no responses have been provided by the FCC regarding its guidance to Cellco on line reporting in the Designated Areas.

63. Q. How does Staff recommend the Commission correct this issue?

A. The Commission should notify USAC that support was inappropriately paid to Cellco/WWC for all quarters after the merger was approved and the support paid should be returned to the Nevada federal funds for redistribution.

64. Q. Please summarize Staff's recommendation.

A. Staff requests the Commission find that Cellco has unlawfully and without state authority reported lines to the USAC for support purposes but for which Cellco had not received approval from this Commission to report as eligible to receive support. The Commission should issue a letter to USAC and the FCC notifying each that Cellco has received support from the federal high-cost fund and Lifeline fund for which it had no approval to do so from the Nevada Commission.

IV. Recommendation #4: Order Cellco and WWC to cease reporting any lines in Nevada to USAC as eligible for ETC high-cost or Lifeline support, since WWC's designation has ceased to exist and Cellco has not yet been designated by this Commission in accordance with the applicable laws.

65. Q. Why does Staff take issue with Cellco/WWC's present and future reporting to USAC that lines were Designated ETC lines in Nevada?

A. As I have said above, since Cellco/WWC has no ETC designation in this state, it should not be reporting any lines as eligible until the Commission has received, reviewed, and approved such authority for designation. Therefore, lines reported by

Cellco/WWC in the intervening reports should be ineligible lines for federal USF support purposes.

66. Q. Please summarize Staff's recommendation.

A. Since Staff recommends that Cellco/WWC do not have ETC designation, no ETC high-cost or Lifeline support should be paid to these entities going forward.

V. Recommendation #5: After the close of this Application, if Cellco desires to be ETC in Nevada for purposes of high-cost or Lifeline support, mandate that Cellco file an application for new ETC designation in the study areas requested. The Application should provide all the necessary documentation for evaluation by interveners and the Commission whether Cellco should be designated in Nevada as an ETC.

67. Q. Please explain your recommendation.

A. Given the defects in the Application I have discussed above, if Cellco desires any designation by this Commission, it should file the appropriate information to evaluate whether designation is appropriate.

68. Q. Would Staff change its opinion that ETC designation of Cellco is not warranted?

A. It is unlikely Staff will support a request for federal high-cost ETC designation given the facts above, particularly the grave public interest considerations that surround federal high-cost support leaving the state and the unknown as to how the broadband universal service reforms will be implemented. However, Staff believes there may be merit to designating Cellco as an ETC for lifeline purposes only.

69. Q. Please summarize Staff's recommendation.

A. If Cellco desires to be ETC in Nevada for purposes of federal high-cost or Lifeline support, it must file a new application requesting the authority from this Commission.

70. Q. Please summarize your recommendations.

A. I recommend that the Commission:

1. Deny Cellco's Application to amend the ETC designation in Nevada held by WWC to reflect Cellco and its affiliated legal entities as the designated

ETC in Nevada for purposes of federal high-cost and Lifeline universal service support.

2. Find that WWC's designation by this Commission in 2000 in Docket No. 00-6003 and the expansion of that designation for WWC in Docket No. 04-3030 were effectively terminated on the date on which the WWC and Cellco merger was completed. Given the divestiture of all of WWC's assets in specific counties and the actions by Cellco to inextricably intertwine WWC customers and facilities with Cellco post-merger, Staff believes that the existing WWC entity for which designation was approved in Docket Nos. 00-6003/04-3030 can no longer be considered a separate and viable entity for which a designation remains.

3. Find that Cellco has unlawfully reported lines to the Universal Service Administrative Company ("USAC") for support purposes but for which Cellco had not received approval from this Commission to report as eligible to receive support. The Commission should direct a letter to USAC and the Federal Communications Commission ("FCC") notifying these federal entities that Cellco has received support from the federal high-cost fund and for Lifeline funding for which it had no approval to do so in accordance with applicable laws.

4. Order Cellco and WWC to cease reporting any lines in Nevada to USAC as eligible for ETC high-cost or Lifeline support, since WWC's designation has ceased to exist and Cellco has not yet been designated by this Commission in accordance with the applicable laws.

5. After the close of this Application, if Cellco desires to be an ETC in Nevada for purposes of high-cost or Lifeline support, mandate that Cellco file an application for new ETC designation in the study areas requested. The Application should provide all the necessary documentation for evaluation by interveners and to allow the Commission to determine whether Cellco should

be designated in Nevada as an ETC.

71. Q. Does this conclude your testimony?

A. Yes, it does.

STATEMENT OF QUALIFICATIONS
FOR
JEFFREY W. GALLOWAY

I am a graduate of Canisius College, Buffalo, New York. I have a Bachelor of Science Degree in Business Administration with majors in both Accounting and Psychology. I have 25 years experience in utility regulation.

My relevant work experience is summarized below:

1997 to present

Financial Analyst, Public Utilities Commission of Nevada

My current duties include leading audits of utilities, reviewing all types of utility applications, preparing reports, written and oral testimony, preparing and presenting briefing memos, comments, and participating in hearings before the Commission. In this position I have participated in several hearings, agenda meetings, and rulemaking workshops.

August 1987 to 1997

Telecommunications Specialist, Public Service Commission of Nevada

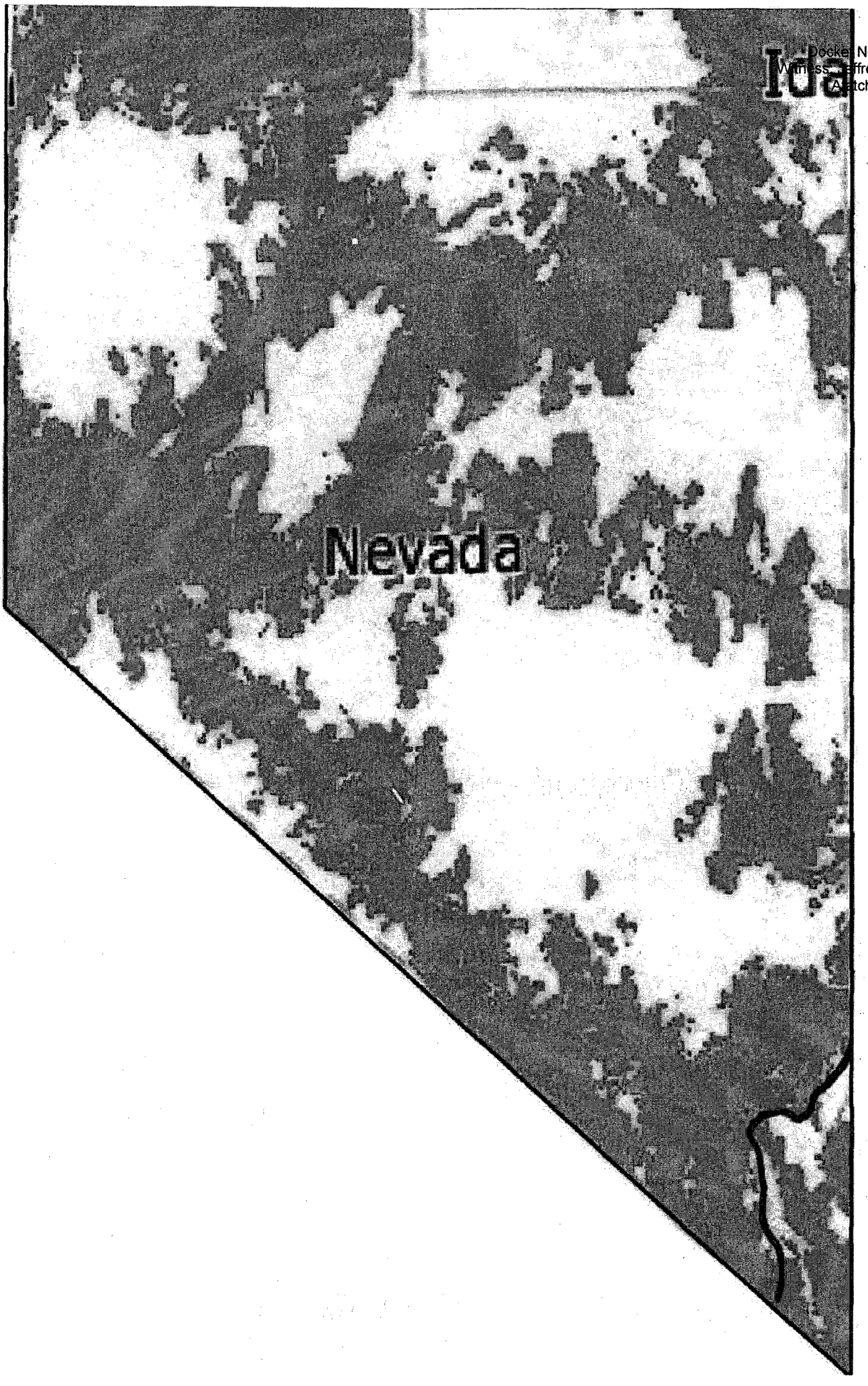
My duties consisted of reviewing telephone related applications, conducting field audits of telephone companies, and preparing reports on various telecommunications matters for presentation to the Commission, including testimony and comments presented at hearings and Staff briefing memoranda presented at the agenda meetings. I also provided support for other Staff divisions on telephone issues. In this position I have participated in several hearings, agenda meetings, and rulemaking workshops.

March 1985 to August 1987

Auditor, Public Service Commission of Nevada

My duties consisted of reviewing utility and transportation company filings, participating in audits, preparing reports to the Commission, preparing and presenting testimony to the Commission.

I will provide a list of cases I have participated in as a witness on request.


Nevada

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

In the Matter of	)	
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LLC	)	

REPLY COMMENTS OF VERIZON[1] AND VERIZON WIRELESS

The Commission should adopt its proposal to reduce state-specific caps on competitive eligible telecommunication carrier (CETC) support when a carrier relinquishes its ETC status. This approach is consistent with the *Interim Cap Order*[2] and the National Broadband Plan[3] recommendation to free up funding in the current universal service system for broadband priorities. There is no statutory or other legal impediment to this approach, and tellingly, those parties that oppose the Commission's proposal are providers that seek to increase their own universal service payments.

DISCUSSION

Commenters recognize that the Commission's proposal to adjust the *Interim Cap Order*

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1 In addition to Verizon Wireless, the Verizon companies participating in this filing ("Verizon") are the regulated, wholly owned subsidiaries of Verizon Communications Inc.

2 *High Cost-Universal Service Support, Federal-State Joint Board on Universal Service*, Order, 23 FCC Rcd 8834 (2008) ("*Interim Cap Order*").

3 *See Connecting America: The National Broadband Plan*, http://download.broadband.gov/plan/national-broadband-plan.pdf , at 144, (2010) ("National Broadband Plan" or "NBP").

procedures and reduce state-specific CETC caps when a carrier relinquishes its ETC status—and corresponding high cost funding—is a sensible approach that will free up additional universal service funding for broadband.[4] *See, e.g.*, Comments of the Independent Telephone & Telecommunications Alliance at 3 ("Allocating additional support to remaining CETCs is contrary to the broadening opposition to funding multiple duplicative carriers in a single area."); Comments of the Public Utilities Commission of Ohio at 3 ("[H]igh-cost support should not be provided to multiple carriers in those areas where a business case cannot be made for providing service without a subsidy."); Comments of ADTRAN at 1.

Opponents of modifying the state-specific caps to account for a carrier's relinquished ETC status are those commenters that seek to increase their own universal service payments. *See, e.g.*, Comments of Cellular One at 10; Comments of the Rural Cellular Association at 3; Comments of SouthernLinc Wireless and the Universal Service for America Coalition at 1. These same parties have repeatedly sought to increase their own Universal Service Fund (USF or "fund") draw at the expense of all consumers who ultimately pay for the fund. Universal service is not a carrier entitlement. In the situation where a CETC returns funding to the program—for whatever reason—by relinquishing its ETC status, there is no basis to simply reallocate the funding to that carrier's competitors in a state. Contrary to the National Broadband Plan recommendation regarding CETC support, that approach would significantly expand the time it will take to phase out all CETC funding in order to free up USF support for broadband. NBP at 144. Moreover, reallocating CETC funding to a carrier's competitors is inconsistent with the

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[4] *High Cost-Universal Service Support, Federal-State Joint Board on Universal Service, Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LLC*, Order and Notice of Proposed Rulemaking, 25 FCC Rcd 12854, ¶¶ 23-26 (2010) ("*Corr NPRM*").

purpose of both the *Interim Cap Order* and the Verizon Wireless and Sprint merger commitments because it would negate any savings to the fund.

Cellular One also contends that reducing state CETC caps is somehow inconsistent with national policies and programs to assist small businesses because some CETCs are small businesses. Cellular One Comments at 7. This argument is badly flawed. First, adjusting a state's existing CETC cap when a carrier relinquishes its ETC status does nothing whatsoever to the amount of existing support paid to other CETCs (small businesses or otherwise) in the state. In that situation, the relinquished support is simply returned to the USF. Second, the universal service program was never intended to support multiple competitors in areas that are, in theory, too costly for even one carrier to serve nor to fund carriers where they already provide service without funding. The program is designed to ensure that all Americans—wherever they live—have *access to* affordable service. 47 U.S.C. § 254(b)(3).

Third, as Cellular One admits, the Commission is merely required by the Regulatory Flexibility Act to describe any significant alternatives that it considered. Cellular One Comments at 7; 5 U.S.C. § 603(c). As is its practice, the Commission's final order in this matter will, therefore, presumably comply with that requirement. But as a practical matter, there is no alternative that the Commission need consider. The proposal does not reduce existing funding to any CETC. And even if it did, as discussed above, the universal service program was never intended to fund competition anyway.

Respectfully submitted,

By: _____

Edward Shakin
Christopher M. Miller
VERIZON
1320 North Courthouse Road
9th Floor
Arlington, VA 22201-2909
(703) 351-3071

John T. Scott, III
VERIZON WIRELESS
1300 I Street, NW
Suite 400 West
Washington, DC 20005
(202) 589-3770

Attorneys for Verizon
and Verizon Wireless

Michael E. Glover, *Of Counsel*

October 21, 2010

Staff -19 Requester: Galloway Telephone: (775) 684-6136

Reference: Applications

Question: Please identify each state in which Cellco/Verizon has an ETC application pending including the case number/identification. Also indicate whether the application is an initial or a request for expansion of ETC authority.

Responder: Linda Stevens, Verizon Wireless Telephone: (678) 339-5404

Response: Attached hereto as **Attachment 19-1** is a list of the pending Verizon Wireless applications and associated docket numbers. Verizon Wireless is requesting in each application to amend (and, where applicable, to consolidate) the ETC designations previously granted to certain of its subsidiaries and affiliates.

Date Sent: 9/24/2010 Date Due: 10/15/2010 Date Received: ER Date:

PENDING VERIZON WIRELESS APPLICATIONS

State	Date Filed	Docket
Arkansas	August 17, 2010	10-076-U
Florida	August 26, 2010	100386-TP
Georgia	August 17, 2010	10396-U
Kansas	August 27, 2010	11-CELZ-176-ETC
Michigan	September 28, 2010	U-16463
Minnesota	August 4, 2010	M-10-862
Nebraska	September 3, 2010	C-4302
Nevada	September 10, 2010	10-09007
South Dakota	September 3, 2010	TC 10-067
West Virginia	September 10, 2010	10-428-C-PC

1-PAGE CONFIDENTIAL ATTACHMENT FILED UNDER SEAL WITH THE COMMISSION

From: Charles Bolle [cbolle@puc.state.nv.us]
Sent: Tuesday, December 08, 2009 10:03 AM
To: Jeff Galloway
Subject: Fw: WWC License, LLC Nevada

----- Original Message -----
From: Charles Bolle
To: Ranaraja, Rohan M ; cdavis@usac.org
Cc: 'Duke, Steven' ; Dave Noble
Sent: Tuesday, September 29, 2009 8:36 AM
Subject: Re: WWC License, LLC Nevada

I am not clear on what is going on. Verizon Wireless is not an ETC in Nevada. Can someone explain this issue so it is clear. As I understand this at this time Verizon Wireless has purchased Alltel. Alltel is an ETC in Nevada however the purchase of Alltel does not make Verizon Wireless an ETC.

----- Original Message -----
From: Ranaraja, Rohan M
To: Charles Bolle ; 'cdavis@usac.org'
Cc: 'Duke, Steven'
Sent: Tuesday, September 29, 2009 7:33 AM
Subject: WWC License, LLC Nevada

Dear Mr. Bolle-

I am writing this e-mail as a follow up to our conversation yesterday. The FCC Order approving Verizon Wireless' acquisition of Alltel required Verizon Wireless to phase down the high cost USF support it would receive for any of the properties it retains over a five-year period following the closing of the transaction. The DOJ and the FCC has also required Verizon Wireless to divest certain Cellular Market Areas in the state of NV. In order to apply the phase down only to the Cellular Market Areas that are retained by Verizon Wireless, USAC has requested the line count filings be separated and reported under separate study area codes. Therefore, WWC License LLC now has 2 study area codes - **559001 and 559004** - in the state of Nevada. As I indicated in our conversation, we kindly request that the PUC certify both of these Study Area Codes to the FCC and USAC as eligible to receive support in 2010, no later than October 1. Many thanks and please let me know if you have any questions.

Rohan Ranaraja

The information contained in this message and any attachment may be proprietary, confidential, and privileged or subject to the work product doctrine and thus protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify me immediately by replying to this message and deleting it and all copies and backups thereof. Thank you.

1-PAGE CONFIDENTIAL ATTACHMENT FILED UNDER SEAL WITH THE COMMISSION

RECEIVED-PUBLIC
UTILITIES COMMISSION
OF NEVADA-CARSON CITY

2010 MAY 12 PM 1:46

verizon wireless

Verizon Wireless
1 Allied Drive
Little Rock, AR 72202

May 11, 2010

Ms. Crystal Jackson
Commission Secretary
Public Utilities Commission of Nevada
1150 E. William Street
Carson City, NV 89701-3109

Dear Ms. Jackson,

Enclosed for filing is the Annual Filing of WWC License LLC (now doing business as Verizon Wireless) pursuant to NAC 704.680465 to demonstrate that WWC License LLC is in compliance with the eligible telecommunications carrier requirements applicable to WWC License LLC.

Please file stamp the extra copy and return to me in the self addressed stamped envelope that I have also enclosed and call me if you have any questions. M 5/12/10

Stephen Rowell
Assistant General Counsel

NEVADA PUBLIC UTILITIES COMMISSION

DESIGNATION OF COMMON CARRIERS AS ELIGIBLE TELECOMMUNICATIONS CARRIERS (ETC) TO RECEIVE FEDERAL UNIVERSAL SERVICE FUNDS PURSUANT TO THE FEDERAL COMMUNICATIONS COMMISSION'S FOURTEENTH REPORT AND ORDER ADOPTING A STATE CERTIFICATION PROCESS	)	**ANNUAL FILING OF WWC LICENSE LLC d/b/a Verizon Wireless**

RECEIVED-PUBLIC UTILITIES COMMISSION OF NEVADA-CARSON CITY
2010 MAY 12 PM 1:46

STATE OF GEORGIA)
)
COUNTY OF FULTON)

BEFORE ME, the undersigned authority, on this day personally appeared Mark R. Smith, Assistant Secretary of Alltel Communications, LLC, which is the owner of WWC License LLC, d/b/a Verizon Wireless ("WWC License LLC"),[1] who on his oath deposed and said:

1. My name is Mark R. Smith. I am Assistant Secretary of Alltel Communications, LLC. I am familiar with the federal universal service support received and used by WWC License LLC. This information is provided as required by NAC 704.680465 to demonstrate WWC License LLC has met the requirements set forth in NAC 704.680461 for calendar year 2009.

2. WWC License LLC has been designated as an eligible telecommunications carrier ("ETC") by the Nevada Public Utilities Commission ("Commission") in certain non-rural telephone company exchanges and certain rural telephone company study areas, for purposes of receiving federal universal service support. *See* In the Matter of the Application of WWC License LLC d/b/a CellularOne to be designated as an Eligible Telecommunications Carrier

[1] As of January 9, 2009 Cellco Partnership d/b/a Verizon Wireless acquired Alltel Corporation and its subsidiaries, including Alltel Communications, LLC and WWC License LLC. In connection with the approval, the Department of Justice and the FCC have required Verizon Wireless to divest certain markets, including some in Nevada. Until the divestiture occurs, a Trustee was appointed to manage the divested markets. This filing is on behalf of WWC License LLC with respect to the markets that will be retained by Verizon Wireless.

pursuant to NAC 704.680461 and Section 254 of the Telecommunications Act of 1996, NPUC Docket No. 00-6003 (Aug. 22, 2000) ("ETC Order I") and In the Matter of the Application of WWC License LLC d/b/a CellularOne, for redefinition of its service area as a designated Eligible Telecommunications Carrier, NPUC Docket No. 04-3030 (Aug. 12, 2004) ("ETC Order II").

3. WWC License LLC's regulatory contact for universal service purposes is:

Linda Stevens
Associate Director – Finance
Verizon Wireless
One Verizon Place, mailstop:GA1A2FRP
Alpharetta, GA 30004
Phone: (678) 339-5404
Fax: (678) 339-8575

4. Section 254(e) of the Communications Act, 47 U.S.C. § 254(e), provides that an ETC receiving universal service funding must "use that support only for the provision, maintenance and upgrading of facilities and services for which the support is intended."

5. At this time, the Universal Service Administrative Company ("USAC") has assigned WWC License LLC the study area code (SAC) of 559001.[2]

6. The federal universal service support received by WWC License LLC will be used only for the provision, maintenance, and upgrading of facilities for which the support is intended, as designated by the Federal Communications Commission consistent with Section 254(e) of the Federal Telecommunications Act.

7. WWC License LLC is a provider of commercial mobile radio services and not subject to State entry regulations requiring a certificate of public convenience and necessity. The

[2] Study Area Code 559001 consists of the ETC designated area in the State of Nevada that will be retained by WWC License LLC under the ownership and control of Cellco Partnership d/b/a Verizon Wireless.

Commission has granted ETC status based on a waiver of the requirement in NAC 704.680461(1) for WWC License LLC to hold a certificate of public convenience and necessity. See ETC Order I, ¶ 1; ETC Order II, ¶ 13.

8. As required by NAC 704.680461(1)(b), WWC License has offered the following supported services described in 47 C.F.R. § 54.101(a)(1)-(9) throughout its designated service area at rates and in accordance with nondiscriminatory terms:

(a) voice grade access to the public switched network;

(b) local usage;

(c) dual tone multi-frequency signaling, or its functional equivalent;

(d) single-party service, or its functional equivalent;

(e) access to emergency services, including 911 and enhanced 911 service;

(f) access to operator services;

(g) access to interexchange service;

(h) access to directory assistance; and

(i) toll blocking/limitation for qualifying low income customers.[3]

9. WWC License LLC advertises the availability of Lifeline/Link-Up assistance on a regular basis through several media to reach a broad audience.

10. As required by NAC 704.680461(1)(c), WWC License LLC advertises, at least once every three (3) months, throughout its designated area the availability of the supported services and the rates and charges applicable to its generally available service offerings through prominent presentation in one or more forms of media of general distribution. Information

[3] WWC License LLC's Lifeline service offering includes the ability to make long distance calls without incurring a separate toll charge.

concerning the rates, terms and conditions, and calling areas for the Company's generally available service offerings can be viewed at www.verizonwireless.com.

11. As required by NAC 704.6804745, WWC License LLC is in compliance with the procedures for certifying income established for the Lifeline and Link Up programs in the State of Nevada and, to the best of my knowledge, documentation of income was presented by each subscriber as required by NAC 704.680474 and 704.6804743, including WWC License LLC's reliance on information provided by this Department of Health and Human Services as evidence that a subscriber is receiving benefits from a qualifying program of assistance described in NAC 704.680474(2)(b).

12. The matters addressed above are true and correct to the best of my knowledge, information and belief.

Mark R. Smith – Assistant Secretary
Alltel Communications, LLC

SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned authority, on this, the 3rd day of May, 2010.

Sandra Brock
Notary Public
State of Georgia

SANDRA F. BROCK
NOTARY PUBLIC
FULTON COUNTY, GEORGIA
MY COMMISSION EXPIRES
SEPTEMBER 8, 2012

SEAL:

2503487v2

Alltel Communications
One Allied Drive
Little Rock, AR 72202
P.O. Box 2177, 72203-2177

May 13, 2010

Ms. Donna Skau
Commission Secretary
Public Utilities Commission of Nevada
1150 E. William Street
Carson City, Nevada 89701-3109

RECEIVED-PUBLIC
UTILITIES COMMISSION
OF NEVADA-CARSON CITY
2010 MAY 14 AM 10: 34

Re: 2010 Lifeline Verification and 2010 ETC Annual Filing

Dear Ms. Skau:

Enclosed please find WWC License LLC d/b/a Alltel Communications, LLC's 2010 Lifeline Verification and the Annual Filing of WWC License LLC for filing with the Commission.

Please contact me with any questions or concerns. Thank you for your assistance in this matter.

Sincerely,

Steven Duke
Regulatory Counsel
501-905-6924
Steven.Duke@alltel.com

alltel

2010 Lifeline Verification

May 13, 2010

Ms. Donna Skau
Commission Secretary
Public Utilities Commission of Nevada
1150 E. William Street
Carson City, NV 89701-3109

RE: WWC License LLC d/b/a Alltel Communications, LLC's 2010 Lifeline Verification

In accordance with Nevada Administrative Code Section 704.6804745, I certify that:

a) WWC License LLC d/b/a Alltel Communications, LLC[1] ("Company") has procedures in place to review income documentation and that, to the best of my knowledge, the Company was presented documentation of each consumer's household income to verify his or her eligibility for Lifeline/Link-Up service under the income based criteria;

b) The Company has been assigned Study Area Code 559004 by the Universal Service Administrative Company; and

c) I am authorized to make this certification for the Study Area Code listed above.

Barbara Bonds 5/13/10

Barbara Bonds Date
Trust Counsel
Alltel Communications, LLC by Management Trust
(on behalf of divested markets)

[1] As of January 9, 2009 Cellco Partnership d/b/a Verizon Wireless acquired Alltel Corporation and its subsidiaries, including Alltel Communications, LLC and WWC License LLC. In connection with the approval, the Department of Justice and the FCC have required Verizon Wireless to divest certain markets, including some in Nevada. Until the divestiture occurs, a Trustee was appointed to manage the divested markets. This filing is made by Alltel Communications, LLC with respect to the markets that will be divested which are currently operated by the Management Trustee.

NEVADA PUBLIC UTILITIES COMMISSION

DESIGNATION OF COMMON CARRIERS AS ELIGIBLE TELECOMMUNICATIONS CARRIERS (ETC) TO RECEIVE FEDERAL UNIVERSAL SERVICE FUNDS PURSUANT TO THE FEDERAL COMMUNICATIONS COMMISSION'S FOURTEENTH REPORT AND ORDER ADOPTING A STATE CERTIFICATION PROCESS	)	**ANNUAL FILING OF WWC LICENSE LLC**

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

BEFORE ME, the undersigned authority, on this day personally appeared Barbara Bonds, Trust Counsel for Alltel Communications, LLC, by Management Trust,[1] who on her oath deposed and said:

1. My name is Barbara Bonds. I am Trust Counsel for the Management Trustee that has been appointed to manage the divested markets in the state of Nevada. I am familiar with the federal universal service support received and used by WWC License LLC d/b/a Alltel Communications, LLC. This information is provided as required by NAC 704.680465 to demonstrate WWC License LLC has met the requirements set forth in NAC 704.680461 for calendar year 2009.

2. WWC License LLC has been designated as an eligible telecommunications carrier ("ETC") by the Nevada Public Utilities Commission ("Commission") in certain non-rural

[1] As of January 9, 2009 Cellco Partnership d/b/a Verizon Wireless acquired Alltel Corporation and its subsidiaries, including Alltel Communications, LLC and WWC License LLC. In connection with the approval, the Department of Justice and the FCC have required Verizon Wireless to divest certain markets, including some in Nevada. Until the divestiture occurs, a Trustee was appointed to manage the divested markets. This filing is made by Alltel Communications, LLC with respect to the markets that will be divested which are currently operated by the Management Trustee.

telephone company exchanges and certain rural telephone company study areas, for purposes of receiving federal universal service support. See In the Matter of the Application of WWC License LLC d/b/a CellularOne to be designated as an Eligible Telecommunications Carrier pursuant to NAC 704.680461 and Section 254 of the Telecommunications Act of 1996, NPUC Docket No. 00-6003 (Aug. 22, 2000) ("ETC Order I") and In the Matter of the Application of WWC License LLC d/b/a CellularOne, for redefinition of its service area as a designated Eligible Telecommunications Carrier, NPUC Docket No. 04-3030 (Aug. 12, 2004) ("ETC Order II").

3. Section 254(e) of the Communications Act, 47 U.S.C. § 254(e), provides that an ETC receiving universal service funding must "use that support only for the provision, maintenance and upgrading of facilities and services for which the support is intended."

4. At this time, the Universal Service Administrative Company ("USAC") has assigned WWC License LLC the study area code (SAC) of 559001.[2] Study Area Code 559001 includes markets which Verizon Wireless will retain as well as markets which will be divested. This filing is made solely with respect to the markets which will be divested and which are identified as Study Area Code 559004.

5. The federal universal service support received by WWC License LLC will be used only for the provision, maintenance, and upgrading of facilities for which the support is intended, as designated by the Federal Communications Commission consistent with Section 254(e) of the federal Telecommunications Act.

[2] In 2009 the Universal Service Administrative Company ("USAC") also assigned WWC License LLC d/b/a Alltel Communications, LLC Study Area Code 559004 which consists of the ETC designated area in the State of Nevada that will be divested by Verizon Wireless. The second Study Area Code was assigned only for administrative purposes and not due to an expansion of the designated area.

6. WWC License LLC is a provider of commercial mobile radio services and not subject to State entry regulations requiring a certificate of public convenience and necessity. The Commission has granted ETC status based on a waiver of the requirement in NAC 704.680461(1) for WWC License LLC to hold a certificate of public convenience and necessity. See ETC Order I, ¶ 1; ETC Order II, ¶ 13.

7. As required by NAC 704.680461(1)(b), WWC License LLC has offered the following supported services described in 47 C.F.R. § 54.101(a)(1)-(9) throughout its designated service area at rates and in accordance with nondiscriminatory terms:

(a) voice grade access to the public switched network;

(b) local usage;

(c) dual tone multi-frequency signaling, or its functional equivalent;

(d) single-party service, or its functional equivalent;

(e) access to emergency services, including 911 and enhanced 911 service;

(f) access to operator services;

(g) access to interexchange service;

(h) access to directory assistance; and

(i) toll blocking/limitation for qualifying low income customers.

8. WWC License LLC advertises the availability of Lifeline/Link-Up assistance on a regular basis through several forms of media to reach a broad audience.

9. As required by NAC 704.680461(1)(c), WWC License LLC advertises, at least once every three (3) months throughout its designated area, the availability of the supported services and the rates and charges applicable to those services through prominent presentation in one (1) or more forms of media of general distribution.

10. The matters addressed above are true and correct to the best of my knowledge, information and belief.

Barbara Bonds

Barbara Bonds – Trust Counsel
Alltel Communications, LLC, by Management Trust

SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned authority, on this, the 13th day of May, 2010.

Glenda L. Benz

Notary Public
State of Arkansas

SEAL: SEAL OF NOTARY PUBLIC ARKANSAS
GLENDA L. BENZ
MY COMMISSION # 12376125
EXPIRES: May 11, 2020
Pulaski County

verizon wireless

Verizon Wireless
1300 I Street, N.W.
Suite 400 West
Washington, DC 20005

Phone 202 589-3740
Fax 202 589-3750

September 30, 2009

VIA E-MAIL AND U.S. MAIL

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

RE: September 30, 2009 Form 525 Filings for RCC and Alltel entities

Dear Ms. Majcher:

With the acquisition of Rural Cellular Corporation (RCC) and Alltel and its affiliates, and the ongoing integration of those entities (other than the divestiture properties) into Verizon Wireless, we wish to confirm that we have included all lines under common ownership or control in the RCC and Alltel designated areas in our September 30, 2009 Form 525 Line Count Filings. This is consistent with guidance from FCC staff.

The integration efforts should be complete by the end of 2009. The integrated operations are reflected in the IAS portion of the September 30, 2009 filing for Alltel Study Area Codes 199001 (Virginia) and 199006 (Virginia); the IAS portion of the September 30, 2009 filing for RCC Study Area Codes 259001 (Alabama) and 529002 (Mississippi); and the IAS, HCL, ICLS, and HCM portions for the RCC Study Area Codes 369004 (Minnesota) and 399003 (South Dakota).

Please do not hesitate to call at (202) 589-3770 should you have any questions.

Very truly yours,

Tamara L. Preiss

cc: Jennifer McKee (via e-mail)

AFFIRMATION

STATE OF NEVADA)
: ss.
CARSON CITY)

JEFFREY W. GALLOWAY, being first duly sworn, deposes and says:

That he is the person identified in the Prepared Direct Testimony on file in Docket No. 10-09007, and the exhibits applicable to his Testimony; that such Testimony and exhibits were prepared by or under his direction; that the answers and information set forth therein are true to the best of his own knowledge and belief; and that if asked the questions set forth therein, his answers thereto would, under oath, be the same.

JEFFREY W. GALLOWAY

SUBSCRIBED and SWORN to before me this 13th day of December, 2010.

MARY L. THOMPSON
NOTARY PUBLIC
STATE OF NEVADA
No.10-1843-3 My Appt. Exp. Mar. 5, 2014

Mary L Thompson
Notary Public