

TESTIMONY BEFORE THE
SENATE COMMERCE, UTILITIES, ENERGY AND RAIL COMMITTEE
AND THE
ASSEMBLY ENERGY AND UTILITIES COMMITTEE

Clearinghouse Rule 06-067

STEPHANIE CASSIOPPI, UNITED STATES CELLULAR CORPORATION

Chairmen Plale and Soletski and members of the committees, thank you for the opportunity to testify today on Clearinghouse Rule 06-067 – the proposed Universal Service Fund rule. My name is Stephanie Cassioppi, and I am providing testimony on behalf of United States Cellular Corporation.

U.S. Cellular is the nation's sixth largest wireless telecommunications provider. Since our founding in 1983, we have grown to provide an array of wireless services to 6.2 million residential and commercial customers. U.S. Cellular also has an exceptionally strong presence in rural markets throughout our service footprint, both in Wisconsin and across the country.

U.S. Cellular is concerned about a number of provisions in CHR 06-067 and would urge both committees to request modifications to the rule that would allow providers to continue to offer quality service to Wisconsin consumers in a sensible regulatory climate. Our suggested modifications, which I will briefly outline below, would in no way impact provider contributions to the USF.

U.S. Cellular was designated as a federal Eligible Telecommunications Carrier (ETC) by the Public Service Commission of Wisconsin on December 20, 2002. As a result, we are required to comply with federal USF requirements. Unless CHR 06-067 is modified to clarify that federal ETC wireless providers can continue to follow federal guidelines, U.S. Cellular could be subject to unnecessary state USF requirements.

More specifically, if the rule is not modified, U.S. Cellular and other federal ETC designated wireless carriers in Wisconsin could be burdened with state regulations that: 1.) Would be difficult to comply with based on the wireless industry's business model; and 2.) Significantly drive-up the cost of doing business in Wisconsin with no benefit to consumers.

For example, the rule would require wireless providers to distribute directories, which is not a service traditionally offered by wireless carriers. Such a requirement would not be competitively neutral and therefore, would be inconsistent with federal law.

Clearinghouse Rule 06-067 would also require wireless providers to comply with state Lifeline program provisions. U.S. Cellular strongly supports low-income programs and provides Lifeline services in Wisconsin and 14 other states under federal rules. However, CHR 06-067 would result in significant changes to the processes U.S. Cellular has used for years in Wisconsin and across the country. It would create numerous financial and administrative difficulties for wireless providers.

U.S. Cellular has successfully provided service in Wisconsin under federal ETC requirements without issue for over eight years. Simply put, there is no reason to fix a problem that does not exist. Additionally, it's also important to point out federal law does not provide states with the authority to regulate the entry of or rates charged by a wireless provider.

As I stated-above, if federal ETC wireless providers become subject to state USF requirements under CHR 06-067, it would require U.S. Cellular to comply with burdensome and unnecessary state regulations that would directly impact the cost of doing business in Wisconsin.

With that in mind, I would encourage members of both committees to consider supporting a proposed amendment to the rule that would 1.) Specifically retain the current federal requirements for wireless ETC providers; and 2.) Amend the rule's proposed broadband development requirements.

Thank you for your thoughtful consideration of our request to modify CHR 06-067. U.S. Cellular looks forward to working with you to reach an acceptable consensus on a proposed amendment. At this time, I would be happy to answer any questions.