

Cellular company says cap threatens rural service

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McCOOK -- Last week, U.S. Cellular received Eligible Telecommunications Carrier (ETC) designation from the Nebraska Public Service Commission, enabling the company to access an estimated \$5.5 million annually in federal Universal Service Funds (USF) to build wireless infrastructure in the state's rural and underserved communities. The company has committed to construct 66 new cell sites within the first five years, which will provide new or improved service to approximately 249,000 residents in rural parts of the state.

"We are extremely pleased with this decision by the Nebraska Public Service Commission," said John E. Rooney, U.S. Cellular president & CEO. "Being certified as an ETC in Nebraska will enable us to help more rural residents access the same dependable wireless service that urban folks now take for granted."

Rooney added, "However, we are deeply concerned about the proposed cap on USF funding for network build out by wireless carriers in rural areas that's currently in front of the Federal Communications Commission (FCC). If this cap goes through, the federal funds that would have come into Nebraska to help expand rural networks will be diminished significantly, compromising our ability to deliver high-quality service to underserved areas."

Currently, the FCC is considering a recommendation for a state-by-state cap of USF funding for wireless at 2006 levels. If the FCC approves the cap, U.S. Cellular's support in Nebraska would be significantly reduced for at least 18 months, probably longer.

Congress created the Universal Service Fund to make telecommunications infrastructure available in the nation's rural areas. Before a provider can obtain support from the fund, it must first be certified as an ETC by the state.

While wireless consumers provide the largest share of USF dollars nationally (roughly \$2.5 billion per year), wireless carriers receive only \$1 billion, compared to \$3 billion annually for landline carriers. Even more disproportionate is the gap in funding for wireless and landline carriers in Nebraska. In 2006, Nebraska consumers contributed more than \$37 million to the federal USF fund. Landline carriers in the state received more than \$58 million from the federal fund, while wireless carriers collectively received just over \$23.5 million.

U.S. Cellular is calling on Congress and the FCC to expand -- not cap - the share of USF funding for wireless. For more information, please visit www.connectingruralamerica.org.

-- U.S. Cellular is the nation's sixth-largest wireless service carrier, providing wireless service to 6 million customers in 26 states.