TESTIMONY OF

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WIRELESS TELECOMMUNICATIONS BUREAU
FEDERAL COMMUNICATIONS COMMISSION

Service Rollout From A Rural Perspective

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Thank you for the opportunity afforded Western Wireless to participate in this forum for the 7th Annual CMRS Competition Report. Public forums, like this one, allow for the free flow of information and ideas between the public sector and private sector. I congratulate the Wireless Bureau for accepting the challenge of always invigorating the annual report with new and pertinent information.

It is also a pleasure to be back "home" with my former colleagues, notwithstanding the fact that due to Western's Universal Service efforts, I have been spending more of my time with the Wireline Competition Bureau than I do with you good folks.

As the largest CMRS carrier serving only rural America, Western Wireless has gained a unique understanding and approach to serving the wireless telecommunications needs of rural consumers. Western Wireless is an incumbent provider of cellular telephone service in the 118 MSA and RSA markets served, as well as a new entrant wireless local loop provider in the local exchange market. Western Wireless strongly believes that the best course of action for any regulatory agency -- state or federal -- is a market-based approach with swift enforcement

action for anti-competitive behavior. This Commission has largely taken this approach with the wireless industry -- the result of which is that CMRS is the most competitive segment of the telecommunications industry. The recent decision to lift the spectrum cap is a good example of a market-based approach to regulation. By allowing marketplace forces, rather than regulatory prescriptions, to determine service offerings, quality of service, and industry consolidations, consumers will benefit from a pro-competitive environment.

<u>Regulatory Decision-Making.</u> A well-informed decision, however, is predicated upon obtaining the data or information relevant to the issue at hand. Additionally, because market conditions can change drastically, the data or information collected must be current. Many times, a report on the state of the industry is outdated before it is released. To address these concerns, Western Wireless suggests that the Commission and state regulatory commissions should strive to complete all Notice of Inquiries, Notice of Proposed Rulemakings, and other rulemaking proceedings, including Eligible Telecommunications Carrier applications, within a six-month timeframe. Although this might sound aggressive and not feasible in certain cases, six months can

be a painful wait for the wireless industry. We at Western feel that carriers could very well be more forthcoming with information and data, and interested parties would be more engaged in inquiries and rulemaking proceedings, if the process were more transparent, timely, and consistent with the fast-paced needs of the industry.

<u>Trends</u>. In many respects, telecommunications service in rural America mirrors service in urban America. For example, throughout the U.S., wireless penetration continues to rise, customers are using more and more minutes, and rates are declining. On the other hand, service to rural America, in many cases, poses unique challenges. There is a very real opportunity, however, for wireless in rural America to expand its penetration, serve more wireless subscribers roaming into rural areas, and compete with wireline providers by serving the underserved, the unserved and the people who rightly expect more options, excellent service, and advanced service capabilities.

Western Wireless' Response To These Marketplace Trends.

Western Wireless has responded to the trends and opportunities in the marketplace by:

- **Offering rate plans and service offerings that are competitive with the rate plans and service offerings of national carriers serving urban areas. Result: increased penetration rates; IXRTT advanced wireless services on the horizon; and rural consumers benefiting from competition in the market.**
- **Implementing technologies aimed at not only serving the Company's subscribers, but also roamers. Result: CDMA, TDMA, and analog technologies implemented (and GSM contemplated) in Western Wireless' network.**
- **Becoming designated as an eligible telecommunications carrier or ETC for purposes of universal service support. Result: Western Wireless is now designated as an ETC in 12 states plus the Pine Ridge Indian reservation and is currently providing Universal Service to thousands of customers in 6 states (KS, MN, ND, NV, SD, and TX). It is important to note that updated and**

comprehensive data collection about the status of competition in "high cost" rural markets should be extremely helpful to federal and state decision makers as they review ETC applications and the presumptive benefits of universal service competition. Here is just a sample of the compelling facts resulting from our wireless local loop initiatives:

- **Texas Success Story**
  - **More than 52 rural communities with competitive residential telephone service**
  - **Household penetration as high as 51% in some markets**
  - **High penetration of Lifeline subscribers**
- **Pine Ridge Success Story**
  - **Advanced digital network infrastructure completed and providing coverage throughout the reservation**
  - **More than 1500 households served, of which 42% did not have landline telephone service**
  - **$1 rate plan with unlimited local usage and expanded local calling area**

<u>Definition of Rural Area.</u> **Justice Stewart commented on the line between obscene and constitutionally protected speech, "I'll know it when I see it." Likewise, you know rural when you see it. That does not mean that there are differences in telecommunications services available in rural and urban areas, and any differences that do exist may not be attributable to any rural/urban distinction. For example, there are some rural areas that have better service and more competition than urban areas. Broad generalities based upon the MSA/RSA distinction do not reflect marketplace realities.**

As a rural cellular service provider, Western Wireless defines itself, in part, based upon the low population density of its service area (*e.g.*, approximately 11 people per square mile), but there are many other traits of rural areas with every area evidencing differing characteristics. Rural and urban consumers, however, share a desire for access to high-quality advanced telecommunications services, and therefore there should not be disparate regulatory treatment between urban and rural carriers, absent data fully supporting differing regulatory approaches.

<u>Information Gathering – Coming Full Circle.</u> **Readily available information will assist the Commission and other policy makers in evaluating the need for intervention in a free market approach to regulation. Whether that intervention is to require LNP, to establish service quality requirements, to evaluate an alleged barrier to market entry, or to manage industry consolidations, industry-related information must be at the policy maker's fingertips. To gather this information, the Commission should consider ways, in addition to forums like this one, where pertinent information can be exchanged between academics and leaders in the public and private sectors.**

On behalf of Western Wireless, I appreciate the opportunity to express our views to the Commission and would be happy to answer your questions.