BEFORE THE PUBLIC SERVICE COMMISSION
OF STATE OF MISSOURI

Application of USCOC of Greater Missouri, LLC for Designation as an Eligible Telecommunications Carrier Pursuant to the Telecommunications Act of 1996	))))	Case No. TO-2005-0384

MOTION TO LIFT BASELINE INVESTMENT REQUIREMENT

USCOC of Greater Missouri, LLC (the "Company" or "U.S. Cellular") moves that the Missouri Public Service Commission ("Commission") lift the special condition applied to the Company's eligible telecommunications carrier ("ETC") status granted by the Commission in its 2007 Report and Order, which set an annual baseline investment requirement. Granting such relief is appropriate in light of the recent order of the Federal Communications Commission ("FCC") that discontinues the legacy high-cost support mechanism.

In support of this request, U.S. Cellular respectfully states:

I. Background.

1. The Commission's May 3, 2007 Report and Order granted ETC status to U.S. Cellular so that it could participate in the FCC's high-cost and low-income programs. The Commission stated that such status "is conditioned upon it meeting a base line investment requirement of a two-year average of $15 million per year in capital expenditures for construction of cell sites in its Missouri market, excluding St. Louis and the Joplin area, in addition to any funding it receives from the federal Universal Service Fund." See Report and Order at 38-39.

2. Since being designated as an ETC, U.S. Cellular has met the FCC's program requirements and this Commission's rules, including the submission of periodic reports as required. U.S. Cellular has also met the two-year average baseline investment requirement of $15 million per year, which is the amount that U.S. Cellular was investing in 2007 for the

construction of cell sites in its Missouri markets (excluding St. Louis and Joplin). See Report and Order at 21.

3. To U.S. Cellular's knowledge, it is the only ETC operating in Missouri, incumbent or competitive, upon which the Commission has imposed a baseline investment requirement. Following designation as an ETC, U.S. Cellular has maintained a rolling capital investment plan of $15 million per year in its designated ETC service area, pursuant to the Report and Order.

4. However, in November 2011 the FCC released its "Connect America Fund" Order which, among other things, revamped the federal high-cost support mechanism. See Connect America Fund, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) ("CAF Order"). Notably, as relates to this motion, the FCC discontinued the legacy high-cost support mechanism which eliminates support to competitive carriers like U.S. Cellular by decreasing such support over four years by 20% per year until it reaches zero. The first reduction in support was implemented on July 1, 2012.

II. The Commission's Baseline Investment Requirement Should be Lifted as a Result of the FCC's Connect America Fund Order.

5. When it established U.S. Cellular's investment baseline, the Commission's rationale was that it needed to ensure that the Company was investing in new capital projects at an appropriate level. See Report and Order at 17-21. Since 2007 U.S. Cellular has done so, reporting to the Commission on its baseline investment levels each year.

6. The FCC's CAF Order has significantly changed U.S. Cellular's ability to invest internally generated capital into new cell sites in rural Missouri. Many cell sites already constructed in rural high-cost areas will continue to depend on federal high-cost support to remain viable into the foreseeable future. The rationale for continuing to operate cell sites that

do not earn an adequate return on their investment without external support will require further scrutiny by U.S. Cellular as support is phased out.

7. To be clear, U.S. Cellular intends to continue to invest in Missouri to the greatest extent possible. However, it is now reassessing its capital plans to ensure that infrastructure constructed in high-cost rural areas remains operational. Reductions of federal support will require U.S. Cellular to reallocate additional internal capital to upgrade, operate, and maintain its existing network. New cell site construction using internal capital may decline, as funds are redeployed to the existing network.

8. Accordingly, U.S. Cellular wishes to redirect investment that would otherwise be used to build new cell sites toward maintaining and upgrading its existing network. U.S. Cellular does not expect this shift of investment to occur overnight. Rather, it expects the shift to occur over the next few years, depending upon a number of factors that are outside of its control, including overall performance of the United States economy, economic development in rural Missouri, and a host of other regulatory and fiscal considerations.

9. What U.S. Cellular seeks from the Commission in this motion is the flexibility to invest in rural areas commensurate with the reality that legacy support is going away. There are numerous uncertainties that it must now deal with, having constructed many cell sites in rural high-cost areas that may not earn a sufficient return. This flexibility will allow U.S. Cellular to avoid having to decommission cell sites in remote areas where consumers have come to rely on the Company's network. The requested relief will permit the Company to vary its internal investments as all of these factors play out, while maintaining its commitment to invest all federal high-cost support that it receives consistent with federal and state law to benefit rural citizens. At this time, the only certainty among the many variables is the FCC's decision to eliminate support to competitive carriers. While the FCC has plans for a new mobility fund

mechanism, it is unclear whether U.S. Cellular will be able to draw any funds from that program, which is much smaller than the legacy fund and is similar to a grant program to fund the construction of coverage in FCC-specified areas.

10. U.S. Cellular does not request relief from any Commission rule. As of today, the Company can continue to meet all of its obligations pursuant to those rules, and will continue to report to the Commission each year on the status of its network and its use of federal high-cost support to benefit high-cost areas within the state.

11. U.S. Cellular has discussed this motion to lift the baseline investment requirement with the Staff of the Commission, which does not oppose the Company's request.

III. Conclusion.

For the reasons set forth above, U.S. Cellular respectfully moves that the Commission lift the condition of the baseline investment requirement set forth in the May 3, 2007 Report and Order at the earliest possible date.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or e-mailed to all counsel of record this 7th day of September, 2012.

/s/ Karl Zobrist
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