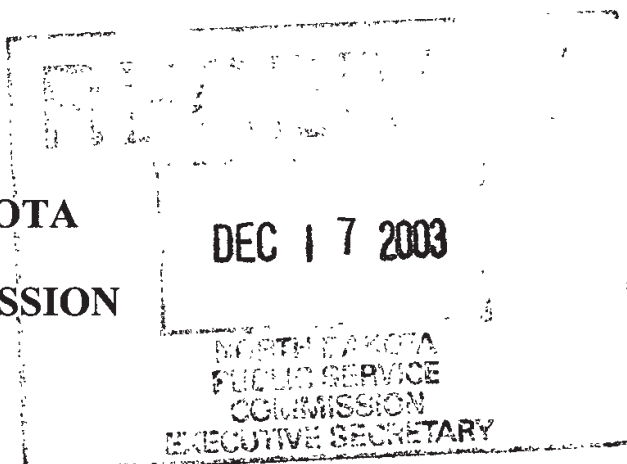


STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION



In the Matter of Northwest Dakota Cellular of)
North Dakota Limited Partnership)
d/b/a Verizon Wireless)
Petition for Designation as an)
Eligible Telecommunications Carrier)

Case No. PU-1226-03-597

**AFFIDAVIT OF MARK R. SMITH IN SUPPORT OF
PETITION FOR REDEFINITION OF RURAL TELEPHONE COMPANY
SERVICE AREA REQUIREMENT**

I, Mark R. Smith, being first duly sworn on oath, state:

1. I am over eighteen years of age and competent to make this affidavit.
2. I serve as Director – Financial Reporting and Partnership Relations for Northwest Dakota Cellular of North Dakota Limited Partnership, d/b/a Verizon Wireless ("Verizon Wireless").
3. Verizon Wireless filed with the North Dakota Public Service Commission (the "Commission") an Application for Designation as an Eligible Telecommunications Carrier and Petition for Redefinition of Service Areas of Rural Telephone Companies (the "Application"), pursuant to 47 U.S.C. § 214(e) and N.D. Cent. Code § 49-21-01.7(12). **Exhibit A** to the Application identifies the particular areas for which designation is sought. **Exhibit B** to the Application is a map comparing Verizon Wireless' current authorized cellular coverage areas in North Dakota with the wire center boundaries of each local exchange carrier.
4. Upon further review of the Application, Verizon Wireless serves a wire center of BEK Communications Cooperative ("BEK Communications") that was inadvertently not included in the requested designated areas. Accordingly, an **Amended Exhibit A**, including the BEK Communications wire center previously omitted, along with a copy of **Exhibit B** to the Application, are attached hereto and incorporated by reference.
5. I have responsibility for the filing and management of applications for eligible telecommunications carrier ("ETC") designation in several jurisdictions. In that capacity, I have knowledge about the products and services offered by Verizon Wireless, as well as its network and business operations. I am also knowledgeable about federal and North Dakota law governing designation of ETCs.
6. This Affidavit is submitted in support of Verizon Wireless' Application, specifically the request for redefinition of the service area requirement as to certain rural telephone companies set forth in **Amended Exhibit A** attached hereto. Accompanying this Affidavit is a separate affidavit demonstrating Verizon Wireless' satisfaction of all federal ETC

designation requirements. The statements contained herein are true and correct and within my personal knowledge.

7. In North Dakota, Verizon Wireless currently serves areas also served by nine rural telephone companies, namely, BEK Communications, Nemont Telephone Cooperative, Inc. ("Nemont Telephone"), Noonan Farmers Telephone Company ("Noonan Farmers"), Northwest Communications Cooperative ("Northwest Communications"), Midstate Telephone Company ("Midstate Telephone"), Reservation Telephone Cooperative ("Reservation Telephone"), SRT Communications, Inc. ("SRT Communications"), Missouri Valley Communications ("Missouri Valley"), and West River Telecommunications ("West River Telecom").

8. For areas served by a rural telephone company, Section 214(e)(5) of the federal Telecommunications Act of 1996 (the "Act") provides that the ETC's designated service area must be that rural telephone company's study area. A rural telephone company's "study area" is generally defined as all of the company's existing certificated exchange areas in a given State.

9. Verizon Wireless serves the entire study area of Nemont Telephone, Noonan Farmers, and Northwest Communications and thus satisfies Section 214(e)(5) as to the areas served by those telephone companies.

10. But the respective study areas of BEK Communications, Midstate Telephone, Reservation Telephone, SRT Communications, Missouri Valley, and West River Telecom do not correspond with Verizon Wireless' CMRS licensed area or existing signal coverage area. Thus, it is necessary in this proceeding for the Commission to redefine the service area requirement for these companies from the study area to the wire center level, pursuant to 47 C.F.R. § 54.207, to enable Verizon Wireless to meet the federal ETC requirements under 47 U.S.C. § 214(e). To the extent that Verizon Wireless' service area does not cover the entirety of a rural telephone company's wire center, the Commission must further redefine the requirement to the partial wire center level.

11. The Act and the FCC's regulations authorize the FCC and the Commission to act in concert to develop an alternative service area standard for areas served by rural telephone companies in accordance with 47 C.F.R. § 54.207(c)-(d). The sole requirement in establishing a service area other than the study area is that the FCC and the State commission each consider three factors that were initially relevant in establishing the service area requirement, and explain their rationale for reaching a different conclusion. 47 U.S.C. § 214(e)(5); 47 C.F.R. § 54.207(b).

12. The first factor is the risk that a competitor would selectively target service only to the low cost areas of the rural ILEC's study area, a process labeled as "cream skimming." The theory was that if a competitor were required to serve a rural telephone company's entire study area, this risk would be reduced because a competitive ETC would be prevented from selectively targeting service only to the low cost exchange of the rural ILEC's study area.

13. The second factor to consider is the regulatory status enjoyed by rural telephone companies under the Act. Here, the theory was that initially establishing a study area for a rural telephone company's service area was appropriate in recognition of the different treatment

afforded to smaller rural telephone companies which are exempt from certain of the Act's requirements.

14. The third and final factor to consider is whether any administrative burdens might result from the redefinition of the service area requirement. A rural telephone company's universal service support payments are currently based on a rural company's embedded costs determined at the study area level, and initially there was some concern that rural telephone companies might have difficulty calculating costs on a less-than-study area level.

15. Despite the initial decision to adopt the study area as the rural telephone companies' service area, the FCC now favors a policy of redefinition in instances where a rural carrier's study area is large and/or non-contiguous, as is the case with those rural telephone companies identified on **Amended Exhibit A** to the Application.

16. Verizon Wireless requests that the Commission redefine the service area requirement for these rural telephone companies from a study area to an individual wire center basis. To the extent that Verizon Wireless' service area does not cover the entirety of a rural telephone company's wire center, Verizon Wireless requests that the Commission redefine the service area standard to the partial wire center level.

17. The study areas of these rural telephone companies contain multiple wire centers which are either wholly or partially not located within the scope of Verizon Wireless' authorized service areas as depicted on **Exhibit B**. Redefining the service area requirement as requested will promote competition by eliminating a barrier to entry into the universal services market. It also would enable Verizon Wireless to be designated a federal ETC in the wire center areas within its existing licensed and signal coverage area consistent with the public interest determination of the Commission.

18. Redefinition is consistent with the three factors noted above. The risk of cream skimming has been practically eliminated because incumbent rural telephone companies can now utilize a process known as "disaggregation," which allows these companies to target their per-line support to better reflect the actual costs of serving different areas throughout their study areas. Thus, federal law now ensures that a competitive ETC would only receive higher per-line support in truly high-cost portions of study areas. Redefinition will preserve and advance universal service by establishing designated service areas that more aptly reflect the areas actually served. In short, there will be no opportunity for cream skimming.

19. The second factor relating to the special status of rural LECs can also appropriately be taken into account in granting this redefinition request. Nothing in the service area redefinition process for an ETC applicant affects the rural carrier's various statutory exemptions. Nor does the redefinition process eliminate the public interest analysis to the designation of an additional ETC in the rural telephone company's service area. The public interest factor thus remains an effective check to prevent the designation of a competitive ETC who may otherwise pose a detriment to the rural consumers in those service areas.

20. The final factor relating to the administrative ease of calculating costs on a less-than-study area level is likewise not an issue. There are no administrative costs to consider

because any federal universal service support available to a competitive ETC in an area served by one of the rural telephone companies would be determined based on the per-line support available to the rural telephone company itself. 47 C.F.R. § 54.307(a). Moreover, this current funding mechanism will remain in place for approximately another four years, when the FCC is expected to make changes to the funding mechanism for rural telephone companies.

21. Accordingly, redefining the service area requirement for areas served by BEK Communications, Midstate Telephone, Reservation Telephone, SRT Communications, Missouri Valley, and West River Telecom on an individual wire center basis and, where necessary, on a partial wire center basis, fosters competition and brings new telecommunications services to rural North Dakota.

22. Redefinition is in the public interest because it will enable Verizon Wireless to bring new services and new technologies to customers of North Dakota's rural telephone companies, who now have no choice of universal service providers. Without redefinition, these wide-ranging study areas will pose an impenetrable barrier to entry for Verizon Wireless to be designated as an ETC in *any* of the BEK Communications, Midstate Telephone, Reservation Telephone, SRT Communications, Missouri Valley, and West River Telecom wire centers. Because competitor and incumbent service territories are geographically different, it would be nearly impossible for any other competitive carrier to compete with the incumbents.

23. Verizon Wireless provides the supported services, satisfies all applicable requirements subject to the redefinition of the service area requirement, and can and will meet the obligations of an ETC. For rural customers, Verizon Wireless' designation will bring new technology, lower rates, and better service, and so is clearly in the public interest. Therefore, Verizon Wireless respectfully requests the Commission grant its Application by issuing an order unconditionally designating Verizon Wireless as an ETC in the study areas of Nemont Telephone, Noonan Farmers, and Northwest Communications, and conditionally designating Verizon Wireless as an ETC in the service areas of the remaining rural telephone companies listed in **Amended Exhibit A**.

24. In order to effectuate the Commission's designation of Verizon Wireless as an ETC in the service areas of the rural telephone companies listed on **Amended Exhibit A**, the Commission must redefine the service area requirement for areas served by those rural telephone companies to the individual wire center and, where necessary, partial wire center level.

25. I hereby certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

This concludes my affidavit.

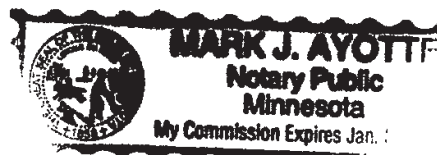


Mark R. Smith

Subscribed and sworn to before me this
17 day of December, 2003.



Notary Public



AMENDED EXHIBIT A

I. Areas for Which Verizon Wireless Seeks Unconditional ETC Designation

1. Nemont Telephone Cooperative, Inc. – Study Area
 - East Westby
 - Fortuna
 - Ambrose
2. Noonan Farmers Telephone Company – Study Area
 - Noonan
3. Northwest Communications Cooperative – Study Area
 - Grenora
 - Crosby
 - Alamo
 - Wildrose
 - McGregor
 - Marmon
 - Round Prairie
 - Epping
 - Ray
 - Tioga
 - Columbus
 - Lignite
 - Powers Lake
 - Flaxton
 - Bowbells

II. Areas for Which Verizon Wireless Seeks Conditional ETC Designation

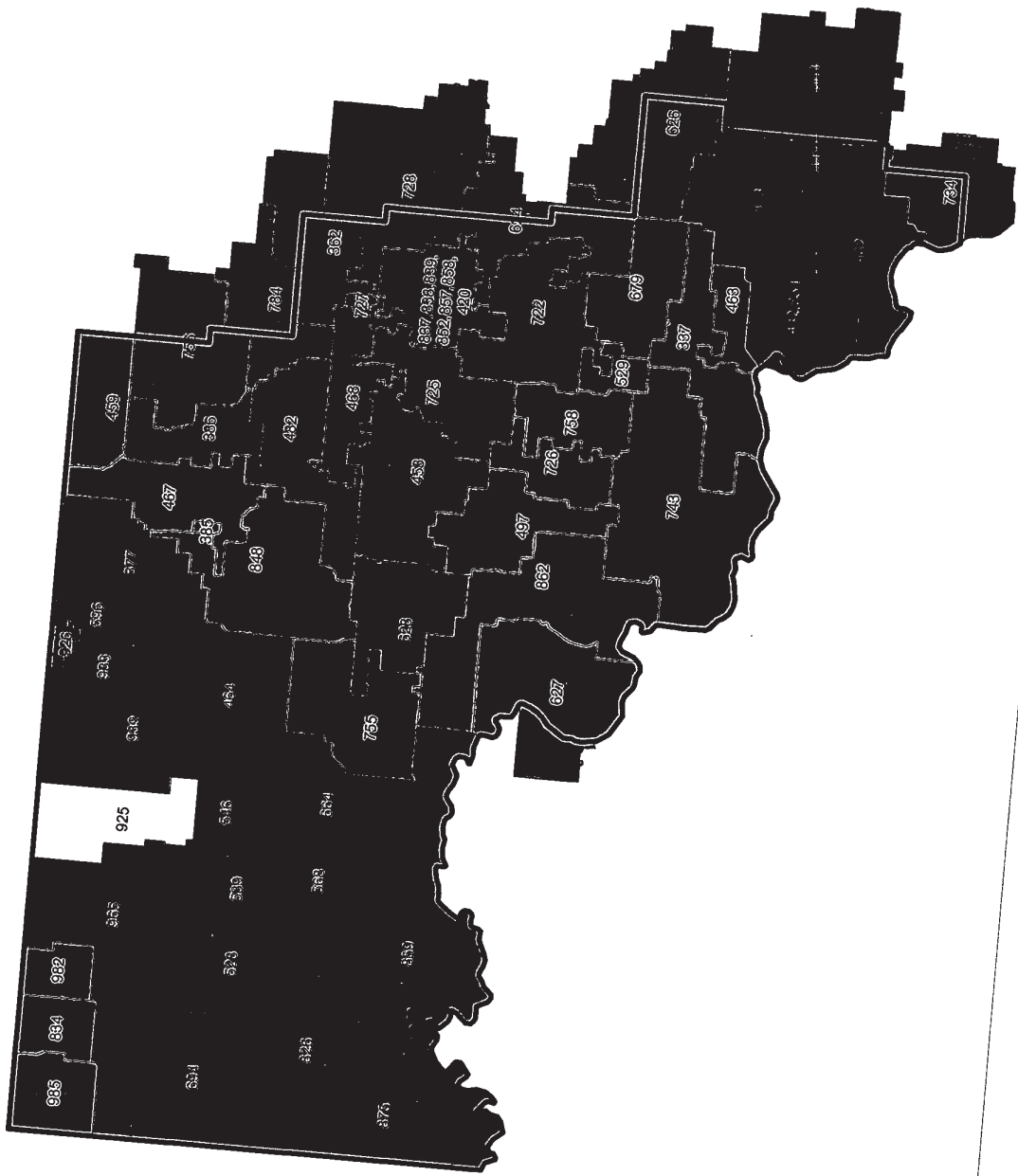
1. BEK Communications Cooperative – Redefined Study Area Wire Centers
 - Wilton
 - All other wire centers or partial wire centers located within the North Dakota RSA 1
2. Midstate Telephone Company – Redefined Study Area Wire Centers
 - Portal
 - Stanley
 - All other wire centers or partial wire centers located within the North Dakota RSA 1
3. Reservation Telephone Cooperative – Redefined Study Area Wire Centers
 - Norma

- Kenmare
 - Spencer
 - Ross
 - New Town
 - Parshall
 - Plaza
 - Makoti
 - Ryder
 - Douglas
 - Max
 - Roseglen
 - Emmet
 - Garrison
 - All other wire centers or partial wire centers located within the North Dakota RSA 1
4. SRT Communications, Inc. – Redefined Study Area Wire Centers
- Sherwood
 - Tolley
 - Mohall
 - Donnybrook
 - Lansford
 - Carpio
 - Minot AFB
 - Glenburn
 - Berthold
 - Des Lacs
 - Burlington
 - Minot
 - Deering
 - South Prairie
 - Sawyer
 - All other wire centers or partial wire centers located within the North Dakota RSA 1, except Butte
5. Missouri Valley Communications – Redefined Study Area Wire Centers
- Williston
 - All other wire centers or partial wire centers located within the North Dakota RSA 1
6. West River Telecommunications Cooperative – Redefined Study Area Wire Centers
- Riverdale
 - Underwood

- Turtle Lake
- Washburn
- Mercer
- McCluskey
- All other wire centers or partial wire centers located within the North Dakota RSA 1

EXHIBIT B

ND -1 RSA



ND -1 RSA

ND1 Wire Center by Company Name

■	BEK COMMUNICATIONS COOPERATIVE	(1)
■	MIDSTATE TELEPHONE CO.	(2)
■	MISSOURI VALLEY COMMUNICATIONS, INC.	(1)
■	NEMONT TELEPHONE COOPERATIVE, INC.	(3)
□	NOONAN FARMERS TELEPHONE CO.	(1)
■	NORTHWEST COMMUNICATIONS COOPERATIVE	(15)
■	RESERVATION TELEPHONE COOPERATIVE	(14)
■	SRT COMMUNICATIONS, INC.	(14)
■	WEST RIVER TELECOMMUNICATIONS COOPERATIVE - ND	(5)