

**WRITTEN STATEMENT OF HU MEENA ON BEHALF OF
CELLULAR SOUTH, INC. AND THE WIRELESS INDEPENDENT GROUP**

**HOUSE RURAL CAUCUS TELECOMMUNICATIONS TASK FORCE
BRIEFING ON THE FUTURE OF TELECOMMUNICATIONS AND THE
UNIVERSAL SERVICE FUND IN RURAL AMERICA**

FEBRUARY 2, 2005

Introduction:

I am Hu Meena, President of Cellular South, Inc. and a founding member of a coalition of independent rural wireless carriers called the Wireless Independent Group ("WIG"). Other Members of the coalition include Hargray Wireless, L.L.C., Midwest Wireless Communications L.L.C., and Rural Cellular Corporation. WIG member companies serve consumers in 19 states, including Alabama, Arkansas, Iowa, Georgia, Florida, Kansas, Maine, Massachusetts, Minnesota, Mississippi, New Hampshire, New York, Oregon, South Carolina, South Dakota, Tennessee, Vermont, Washington and Wisconsin.

I am here today to talk about the successes of the universal service high-cost support program and how it has enabled Cellular South to deliver advanced telecommunications services to individuals, farms and businesses all across rural Mississippi who would never have been able to enjoy today's choice of communications services were it not for federal high-cost support.

Because of Universal Service High-Cost Support, Cellular South is Aggressively Deploying and Expanding Networks in Rural Mississippi

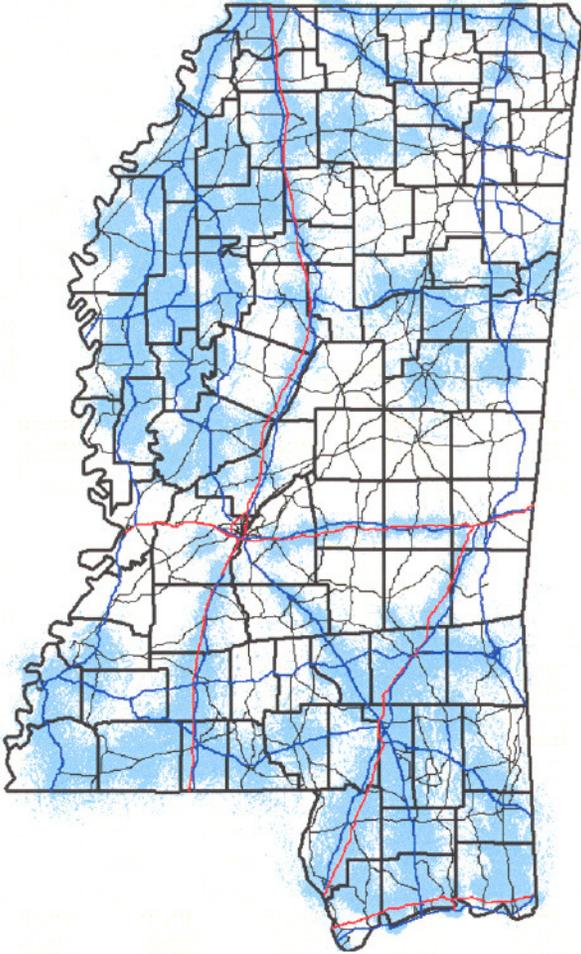
Cellular South is a wireless service provider founded in 1988, privately owned and operated by Mississippians. We serve nearly 450,000 wireless subscribers living throughout Mississippi, the Memphis Metro Area, the Alabama Gulf Coast and Florida Panhandle.

Cellular South is committed to providing rural communities with the same choice in advanced telecommunications services as those offered in urban areas -- higher-quality and higher-capacity voice service, as well as data services and applications. Because of the high cost of delivering services to Mississippi's remote areas, these advances have been possible solely as a result of federal universal service support.

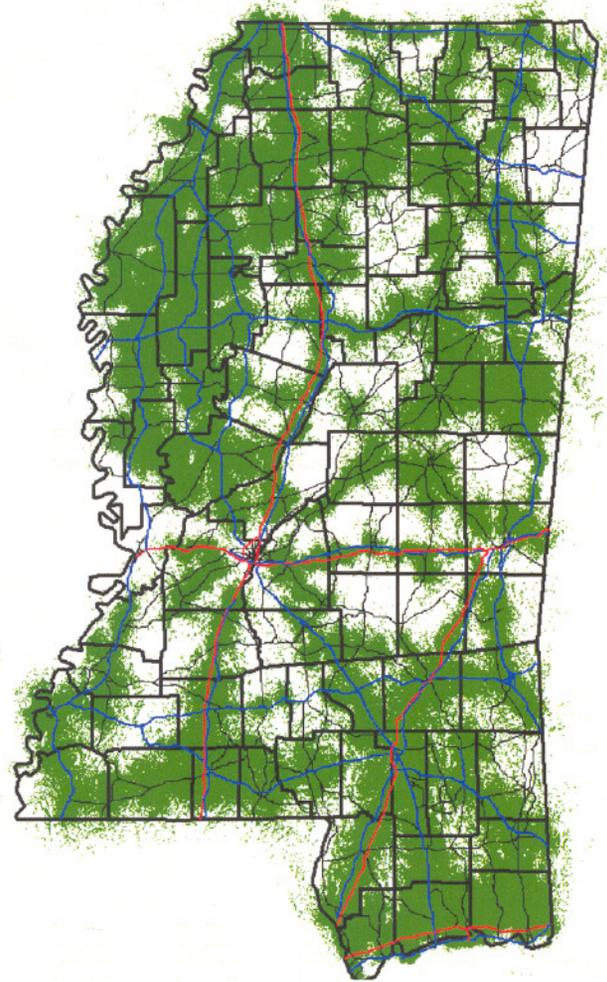
In late 2001, Cellular South was granted ETC status by the Mississippi Public Service Commission as the first wireless ETC in Mississippi. Since becoming eligible to receive federal high-cost support, Cellular South has invested more than \$61 million in USF support plus an additional \$20 million more of its own funds to construct and upgrade services to rural Mississippians in thinly populated areas and small towns throughout Mississippi. In fact, over 150 rural towns and communities have new digital cell sites, more than half of which did not have access to advanced wireless services prior to 2002. Significantly, nearly thirty-five percent of these rural towns have a population under 1,000 people. The approximate geographic area receiving new coverage is 9,300 square miles.

In short, federal high-cost support has made it possible for rural consumers to enjoy the latest in wireless digital technology and improved wireless coverage.

Cellular South Coverage in High Cost Support Areas of Mississippi before ETC status



Cellular South Deployment of Advanced Wireless Services in High Cost Support Areas of Mississippi Utilizing USF Support



High-cost funds were used to overlay the blue areas of the map with advanced wireless technology and expand service to areas not previously served.

USF has driven economic development to rural Mississippi

Since its inception, Cellular South has rapidly grown into one of the leading wireless providers in the Southeast with the majority of its customers in rural Mississippi. Cellular South is one of the largest employers in the state with approximately 670 total employees--580 of which reside with their families in Mississippi.

Small communities are facing ever-growing public demands and fewer resources with which to meet those demands. A revenue base established by taxes levied on local businesses can often determine a small community's economic survival.

As a direct result of federal high-cost support, a number of small communities where Cellular South has constructed new cell sites are now better positioned to attract and maintain businesses. The decision where to locate a company is increasingly driven by the availability and quality of mobile wireless technology. Many businesses simply cannot operate in a community unless it can provide an array of advanced telecommunications services.

USF Support Provides Rural Consumers Greater Options for Safe, Affordable, Advanced Telecommunications Services

High-cost support has enabled Cellular South to significantly accelerate its planned upgrade to CDMA 1X digital technology, greatly increasing the capacity of our system, which benefits rural consumers with bigger buckets of talk time. The advanced wireless technology also enables us to deliver high-speed data services to consumers in rural areas.

In terms of public safety, a mobile phone is the single most important safety device a person can carry; yet it is useless in areas with no signal coverage. The upgrades to our networks and the addition of new cell sites have benefits not previously available on our older networks, like enhanced-911 services, that provide greater peace of mind to our customers during emergency situations. For example, federal high-cost support made it possible for a Cellular South customer from Vancleave, MS, a town of 3200 people, to save the life of a car accident victim. The wireless customer was driving to work when he came upon an accident in which the driver was pinned upside down in his burning vehicle. The Cellular South customer immediately called 911 to summon the fire department and emergency medical services while he attempted to put out the fire with an extinguisher from his car. That area, which we recently upgraded with support dollars, might not have permitted such a call previously, requiring the caller to leave the scene to find a landline phone or an acceptable wireless signal.

Furthermore, citizens in rural areas increasingly depend on mobile phones to provide critical communications needs. Those in need may be on farms, on remote roads, in bad weather, far from where assistance can be summoned by more traditional means. Rural

residents may also find themselves separated from family or home for long periods because of the rigors of farming life or other business that requires traveling the long distances typical in remote areas.

Rural businessmen deserve the same kinds of services as those in urban areas. Farmers do not sit in an office at a desk all day. The tractor is their desk and the field is their office. I know a 2nd generation cotton farmer living outside Clarksdale, a small Mississippi delta town. He uses his wireless phone to conduct business while overseeing the tending of his crops. He has stated to me, "I don't see how my dad did business without cell phones."

An important aspect of universal service is ensuring that rural consumers can get affordable service. One of the most critical aspects of affordability is the size of the local calling area. Most basic calling plans offered by wireline carriers offer very small local calling areas that provide toll free calling to only a few thousand, or sometimes only a few hundred, numbers. All other calls incur toll charges. Customers in many rural areas across the country pay much higher rates for in-state toll calls and most interexchange carriers do not offer their discounted interexchange toll service rate plans in many rural areas.

As a result of high-cost support, every consumer living in our expanded digital coverage area can enjoy mobile service with unlimited local calling throughout our local calling area stretching from Memphis, throughout all of Mississippi, along Coastal Alabama and the Florida Panhandle for a flat rate of \$49.99 per month.

In addition, we offer our consumers *Lifeline* and *Link Up* benefits, which provide discounts on service and connection charges to consumers who participate in federal low-income programs. This essential benefit advances universal service and competitive consumer choices to those most in need. This is especially critical to consumers who need a telephone to find work, to keep in touch with family, and to participate in our society.

In just three years, we have conducted aggressive outreach efforts and have placed over 2,400 new Lifeline subscribers on our network, roughly 10% of the number of Bellsouth Lifeline subscribers in Mississippi. Bellsouth has been offering Lifeline for decades.

Without USF, Rural Economies Will Suffer

Federal high-cost support has made it possible for the rural communities we serve to enjoy the latest technological advances in wireless. The opportunity to compete on a level playing field with other larger telephone service providers provides rural Mississippians more options for better services at lower costs. Our ability to compete with larger companies drives wireless technologies to rural customers who, before USF, would likely never have been able to enjoy these services.

WIG Policy Recommendation for USF

Rural communities deserve the same high quality telecommunications services as their urban counterparts. The WIGs are very concerned that the FCC intends to restrict access to federal support for wireless carriers and establish bureaucratic regulatory structures that will discourage the spread of advanced telecommunications services in rural communities.

In order to promote universal service policies that will best benefit rural communities, Congress and the FCC should ensure that everyone who benefits from telecommunications networks contributes to the maintenance of those networks.

Lastly, because wireless consumers now contribute close to \$2 billion per year and yet only receive less than 5% of the fund's worth annually, Congress should enact legislation that encourages the FCC to apply universal service rules and policies that are competitively neutral so that efficient technologies are encouraged to become ETCs and invest in rural America.

These recommendations will drive wireless infrastructure development into underserved areas and ultimately result in rural consumers enjoying advanced telecommunications services similar to those enjoyed in urban America.