

**STATEMENT OF G. EDWARD EVANS
FOUNDER AND CEO
STELERA WIRELESS, LLC**

Before the

**SUBCOMMITTEE ON RURAL DEVELOPMENT, BIOTECHNOLOGY,
SPECIALTY CROPS, AND FOREIGN AGRICULTURE
COMMITTEE ON AGRICULTURE
U.S. HOUSE OF REPRESENTATIVES**

on

RURAL BROADBAND PROGRAMS

JULY 9, 2009

Mister Chairman and Members of the Subcommittee, thank you for the opportunity to appear before you to discuss rural broadband issues – specifically the broadband portion of American Recovery and Reinvestment Act (“stimulus plan”), and the U.S. Department of Agriculture’s (USDA) broadband loan program.

My name is Ed Evans and I am the founder and CEO of Stelera Wireless, a start-up company now constructing broadband wireless markets in 55 rural towns around the country, using spectrum we purchased in the advanced wireless services auction. I am also a member of the Board of Directors of CTIA - The Wireless Association®.

Since you may not be familiar with Stelera Wireless, allow me to provide a little background. Stelera was formed in 2006 to participate in the FCC’s advanced wireless services (AWS) auction. That auction concluded in September 2006, with winning bidders paying almost \$14 billion for the rights to the AWS spectrum. I am pleased to

say that Stelera succeeded in winning 42 licenses, mostly in rural markets. Having spent almost \$8 million dollars to acquire these licenses, we are currently investing an additional \$35 million dollars to build out the first phase of our network.

The towns in our markets range in size from Benton, Washington (population 2,624) to Lubbock, Texas (population 199,000). Three-fourths of the towns in our footprint have a population of less than 10,000. In some of those towns, Stelera will be the first company to offer broadband service because technology, terrain, or lack of density has made it infeasible to provide wireline broadband access. In other towns, we will be the first provider to offer speeds comparable to those in major metropolitan areas.

Stelera's business plan is to use this spectrum to provide competitively priced broadband wireless services in our markets, both on a month-to-month basis and under longer term contracts. We will be using third and fourth generation (3G and 4G) wireless technology called High-Speed Packet Access (HSPA), which provides transmission speeds of up to 14.4 megabits per second today, and will evolve to even faster speeds in the near future. We will allow the consumer to choose any VoIP provider or to choose our offering once available. We will not restrict customers from accessing any website or running any applications, although of course we will monitor total usage and reserve the right to take action against abusive subscribers. This is critical in a wireless network, since one subscriber abusing the network can adversely affect many other subscribers.

In announcing his candidacy in 2007, then candidate Obama said, “Let us be the generation that reshapes our economy to compete in the digital age ... let's lay down broadband lines through the heart of inner cities and rural towns all across America.” I could not agree with President Obama more. In fact, as CEO of Stelera we are deploying “broadband lines” to rural towns throughout the US today – only through the air using advanced wireless technology.

There is little need to explain to this committee how broadband is changing life in rural America. Today, because of wireless broadband farmers are able to monitor their crops for soil and moisture content without leaving their combine. Implement dealers are able to diagnosis mechanical problems and order new parts while at a customer’s farm. Ranchers are able to check, in real-time, livestock futures with their handheld smartphone. Doctors are able to provide health care to patients hundreds of miles from their clinics. And, most important, our schoolchildren are able to harness the power of the Internet giving them opportunities they only dreamed about a short time ago. Because of wireless broadband, rural Americans are experiencing the transformational power of the Internet, while maintaining the unique character of rural America.

When Congress passed and President Obama signed the stimulus act earlier this year, policymakers cheered that the plan would save and create jobs, increase investment and put us back on the path to economic prosperity. And while time will tell whether the entire stimulus plan succeeded in its purpose, I believe that with proper focus and

guidance, the broadband portion of the plan holds great potential for consumers who lack robust broadband service today.

This past Wednesday, Vice-President Biden along with Secretaries Vilsack and Locke, FCC Chairman Genachowski and Congresswoman Dahlkemper outlined the rules for the broadband portion of the stimulus plan. In announcing the Notice of Funds Availability (NOFA), the Vice-President said, "We believe we are in the process of transforming rural America ... so it's integrated with the country, without losing its character. Getting broadband to every American is a priority for this administration."

And while there are still many unanswered questions with the NOFA and how it will be implemented, I am excited that this administration recognizes the power that wireless broadband has to transform rural America.

In particular, I am pleased the NOFA defines "underserved areas" to include communities that have been typically ignored by some of the larger incumbent providers, thus making funding available to support expansion of broadband in these often overlooked communities. The administration should also be commended for building a flexible 'scoring' system that will grade applications based on a flexible set of criteria rather than a rigid 'checklist' that often prejudices one technology over another.

Finally, the NOFA appears to allow Internet providers the ability to portion off part of their network to offer 'managed services' which use private network connections that offer a better quality of service. That's important because many Internet providers

have been exploring the idea of offering enhanced quality of service to entities like hospitals and schools that often require secure and private connections.

In short, I believe the NTIA/RUS NOFA 'got it mostly right' and now it's up to providers like Stelera to take advantage of this funding opportunity.

However, the NOFA raises several concerns for smaller advanced wireless broadband providers. For example, there appears to be a potential material tax liability to small businesses that are awarded grant money. If Stelera elected to apply for a broadband project costing \$100 million, under the current program Stelera would be required to match 20% of the cost or \$20 million. However, in addition to this \$20 million, Stelera would also have a significant tax bill at the end of the year. The tax bill could be as high as an additional \$30M. While the money for the project is being used to acquire assets and Stelera would depreciate the assets and receive the tax benefit of the depreciation over the life of the asset, Stelera would still be forced to pay a significant cash tax at the end of the year. This tax penalty will greatly reduce the ability of any small business to participate in the stimulus program. I would encourage Congress to address this issue by eliminating the potential tax burden associated with participating in the stimulus program.

I'd like to turn now to the USDA's broadband loan and loan guarantee program as reauthorized by the 2008 Farm Bill and provide a first-hand impression of the overall program. My experience with the USDA program has been positive. Stelera applied for

and was approved for a \$35M loan in 2008 in order to facilitate the build out of 55 rural cities. While the application was time consuming and cumbersome, the process did proceed at a reasonable pace. I found the staff at the Department of Agriculture to be helpful and thorough throughout the application process. I am concerned that, with the sudden availability of a significant amount of additional funding, the Department of Agriculture's staff will become overwhelmed with new applications. I fear the onslaught of applications will lead to significant delays in the processing of applications. The process was time consuming prior to the introduction of the stimulus package; I am concerned the time line to approval will be significantly longer going forward. In my opinion, it is critical that appropriate agencies have adequate staffing and training to expedite the approval process in order for the program to have the desired effect.

In conclusion, I would like to again thank the committee for inviting me to speak today. Stelera identified the need for rural broadband services long before any discussion of Federal stimulus programs. We have demonstrated that these markets are viable and in need of our services. We are very pleased with the opportunity to accelerate our growth plans and to expand our coverage into rural communities across our licensed footprint. Thank you again for inviting me today. I would be happy to answer any questions.

G. Edward Evans
14701 Dalea Drive
Oklahoma City, Oklahoma 73142
(405) 474-7100

Professional Experience

Jan 2006 – Current

Chairman and CEO, Stelera Wireless, Oklahoma City

- Start up formed to provide Internet Service in Rural Markets
- Acquired 45 FCC Licenses at Auction
- Launched first markets in March 2008
- Raised \$35M from USDA Broadband Program
- Raised \$18M in Private Equity

Feb. 2002 – Dec 2006

Chairman and CEO, Syniverse Technologies, Tampa

- Acquired Company from Verizon in 2002 for \$800M
- Transaction Processing Company for Telecom Industry
- Software and Network Solutions Provider
- Global Presence serving over 290 customers
- 2003 Revenues \$265M, EBITDA \$104.7M
- Rebuilt Management Team after acquisition
- Selected Financial Partner and Raised Capital for Purchase
 - o \$255M Private Equity
 - o \$245M 144a Corporate Bonds
 - o \$290M Term Loans
- Completed Two M&A deals
- Aggressively expanded international presence
- Second Largest Shareholder
- IPO February 2005 NYSE:SVR

Jan. 1997 – Feb 2002

President/COO Dobson Communications, Oklahoma

- Recruited to family owned company desiring expansion
- Completed 25 M&A Transactions in 5 Years
- Raised over \$5B in capital
 - o Private Equity
 - o Public Equity
 - o 144a Corporate Bonds
 - o Term Loans
- Grew company to 8th largest wireless provider in US
- Completed IPO in 2000 NASDAQ:DCEL
- Consistently rated by Wall Street analysts as top operator in rural wireless space.

- Grew Revenues from \$30M to almost \$1B in 2001
- EBITDA over \$300M in 2001

Jun. 1993 – Dec 1996

Vice President/General Manager BellSouth Mobility

- Held various management positions around the country
- CEO's Chief of Staff for Eighteen months.
- Managed all HQ staff operations
- Managed all Kentucky operations as final assignment

Jan 1988 – Jun 1993

General Manager United States Cellular/ GTE

- Held various management positions with USCC and GTE
- Sales Management
- Operations Management
- Network Management
- Operations became part of USCC through acquisition

Education

Georgia State University M.B.A. 1996

Board Seats

Board Member

Carolina West Wireless

- Closely held rural wireless company
- Audit Committee
- Compensation Committee

Board Member

Cellular Telecommunications and Internet Association

- Former Officer
- Executive Committee
- Wireless Industry Association

Board Member

Solix Corporation

- Closely held spin out from NECA
- Compensation Committee
- Human Resources Committee

Board Member

Federal Communications Commission Network Reliability and Interoperability Committee

- Created by FCC to oversee homeland security issues regarding telecom network security.
- Reports to FCC commissioner

Lead Director	Suncom Holdings <ul style="list-style-type: none"> - Comp Committee Chair - Appointed by Bond Holders Post Bankruptcy - Lead Sale Process to T-Mobile
Distinguished Director	University of Florida
Trustee	World Gold Foundation

Relevant Qualifications

Extensive M&A Background

- Syniverse Technologies \$800M
- American Cellular \$2.3B
- Sygnet Communications \$565M
- Numerous deals <\$100M

Significant Capital Raising Experience

- Public Equity
- Private Equity
- Bonds
- Commercial Bank

Proven Operational Experience

- Wireless carrier environment
- Transaction processing
- Software development
- Network Operations

Strong International Experience

- Europe
- Asia Pacific
- Middle East
- South America
- Africa

Corporate Governance Experience

- Board Member of Public Companies
- Officer of Public Company
- Familiar with SEC regulations
- Sarbanes Oxley Experience

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2006.

Name: G. Edward Evans
Address: 525 Central Park Dr, Oklahoma City, OK
Telephone: 405 751 3525
Organization you represent (if any): Stelera Witness, LLC

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2006, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: USDA Broadband Loan Amount: \$35M
Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2006, as well as the source and the amount of each grant or contract:

Source: USDA Broadband Loan Amount: \$35M
Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: _____

Signature: 

* Rule XI, clause 2(g)(1) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

