

U.S. Cellular Loses More Subs as It Tries to Leave Billing System Woes Behind

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U.S. Cellular [lost 93,000 postpaid subscribers](#) [1] in its first quarter of 2014, continuing a trend that's seen its postpaid subscriber base shrink by almost 900,000 over the last year. But the company sounded optimistic that the billing system troubles that dogged the carrier last year are nearing an end.

"We've made significant progress to return service levels to our normally high standards following the billing system conversion," U.S. Cellular CEO Kenneth R. Meyers said in a statement. "While churn is still elevated, we are currently seeing improvements in both voluntary and involuntary churn from peak levels back in 2013 and early 2014."

First-quarter churn climbed to 2.3 percent, up from 1.9 percent in the previous quarter and 1.7 percent in the same quarter a year ago.

But Average Revenue Per User (ARPU) saw a large gain, up to \$57.59 compared to \$53.53 last quarter and \$54.85 last year. That gain could be at least partially attributed to growth in smartphone penetration for U.S. Cellular, which reached 53.1 percent, up from 43.5 percent during the quarter a year ago.

Despite those gains, U.S. Cellular posted service revenue of \$853.6 million, down annually from \$996.3 million. First quarter net income and earnings per share rose to \$19.5 million and \$0.23 respectively, up annually from \$4.9 million and \$0.06, respectively.

Meyers touted U.S. Cellular's strong financial foundation as key as the carrier continues "further expanding and enhancing [its] network and retail distribution." Even still, the carrier predicted CapEx for 2014 to come in around \$640 million, down from the \$738 million in 2013.

As U.S. Cellular's outlook tightens some, its parent company TDS announced it is buying Oregon's BendBroadband for \$261 million in cash. The telecom/cable service provider at the end of 2013 reported 79,000 subscribers; 36,000 video subscribers, 41,000 high-speed broadband subscribers and 22,000 digital voice subscribers.

BendBroadband CEO Amy Tykeson [said](#) [2] the company will continue to operate as normal.

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Links:

[1] <http://www.prnewswire.com/news-releases/us-cellular-reports-first-quarter-2014-results-257651381.html>

[2] <http://www.ktvz.com/news/illinois-co-buys-bendbroadband-for-261-million/25764280>