

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Petition for Rulemaking Regarding Regulation)	WC Docket No. 17-144
of Business Data Services for Model-Based)	
Rate-of-Return Carriers)	
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)	

**COMMENTS
Of the
SMITHVILLE TELEPHONE COMPANY, INCORPORATED
SMITHVILLE, MISSISSIPPI**

The Smithville Telephone Company, a provider of broadband services since 2001, is an A-CAM carrier serving rural portions of Itawamba and Monroe Counties in northeastern Mississippi. Located near the midpoint of a line from Memphis, Tennessee, to Birmingham, Alabama, the Company's service area includes the Town of Smithville and the Company currently provides traditional telephone and broadband services using a mix of Active Ethernet fiber and ADSL technologies. Smithville Telephone is a small carrier with seven employees.

These comments address the WC Docket No 17-144 "Petition for Rulemaking Regarding Regulation of Business Data Services for Model-Based Rate-of-Return Carriers." Thank you for the opportunity to provide comments on this important issue.

Summary of Comments

With operations in two non-competitive counties, Smithville Telephone is actually subject to competition of the sort that is identified in the price cap proceeding¹, but this would not be recognized by the Petition as written. These comments suggest ways to recognize this actual existing competitive situation for Smithville, and likely for other small carriers, so that full deregulated status can be obtained in the near term.

¹ FCC Report and Order 17-43 Released April 28, 2017

Smithville Telephone recommends that the Commission's analysis previously used to exclude census blocks with cable service from A-CAM carriers funded areas be used as evidence of competition within those carriers' service areas. These carriers would then be allowed to choose full deregulated status for all business data services. Alternative ways to identify competition are also presented in these comments.

Support for the Petition

Smithville Telephone supports the Petition, which, after acceptance by the Commission, would provide relief from the current costly regulations addressing the provision of BDS. However, the Petition doesn't fully address the competitive situation facing Smithville Telephone and very possibly other small carriers. Simple additions to the proposed rules would cure this inadequacy.

Limitations of the Petition

The primary issue in the Petition for some smaller carriers is application of the county-level competitive assignment from the price cap order. Selection of counties was certainly a well-documented effective approach for competitive area evaluation for larger price cap carriers that operate service areas dimensioned at statewide levels, but does not work well for carriers that have sub-county service areas. More analysis of this concern follows.

There also is no clear way to move from a price cap status selected per the Petition to deregulated status for DS1 and DS3 services if a 75% threshold of cable served census blocks is required. This 75% threshold would require an unusual several hundred percent growth of cable served census blocks where Smithville Telephone operates. The 75% threshold is a supplement to specific competitive data collected by price cap carriers, but that sort of data doesn't exist for A-CAM carriers.

Another issue for smaller carriers is lack of knowledge and experience with the details of price cap regulation, which appears complex and will likely require more costly help from consultants to implement.

Smithville Telephone's BDS Competitive Environment

As mentioned above, Smithville Telephone service area extends into parts of two counties, Monroe and Itawamba, both classed as non-competitive in the price cap proceeding. There are no businesses in the served area of Itawamba County, but DS1 services are provided today to a few different end user business customers at locations in Smithville, which is in Monroe County. All these customer locations are within a few hundred feet of the Smithville Telephone central office, and all are equally near to both CATV facilities and to at least one CLEC fiber splice point.

It is clear that Smithville Telephone is in a competitive environment based on the same criteria used in the price cap order. The Commission can appropriately recognize this fact by extending the scope of the Petition in any of several ways discussed below.

Rate-of-Return BDS Data Collection

Collection of data showing locations of buildings targeted for or having existing business data services much like the collection for price cap carriers could be done and this data provided to the Commission for analysis and action. This direct assessment of competitive environments for smaller model-based companies would be the most accurate approach, but not the most conservative of time or effort.

Competitive Assessment Using Current 477 Data

Use of new 477 data showing competitive census blocks is possible. There are 3374 census blocks in Monroe County and 227 in Smithville Telephone's Monroe County service area using data from June, 2015. Based on block count, Smithville Telephone serves a very small part of the County.

Within the Smithville service area, 52 blocks are served by a CATV provider, or about 18.5%. Cable providers serve less than 28% of all the census blocks in all of Monroe County. Using a simple percentage of blocks to assess competition very well could miss the identification of real existing competition unless the percentage of cable blocks is set very low. There is also no identification of CLEC competition in this approach.

Self-Certification

Carriers could collect building location data and identify competitive service opportunities and self-certify their competitive situation to the FCC. This approach would be similar to the analysis work currently underway to identify A-CAM service locations for USAC's HUBB data base, but with fewer locations to assess.

Self-certification could also be used to validate competition identified and documented by other competitive measurement techniques.

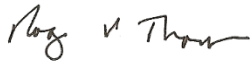
Past Competitive Measurements for Model-Based Carriers

The Commission conducted a competitive assessment for A-CAM carriers where evidence of unsubsidized competition was sought at the census block level in each carrier's service area using 477 data. This identified cable competition, usually in the core part of the carrier service areas, was used as a reason to remove support for these blocks in the A-CAM offer. At Smithville Telephone, these excluded blocks include all of the BDS service locations discussed above, so it already has effectively delivered the same competitive assessment as would other alternative means.

Conclusion

It's clear that use of county-level competitive categorizations from the price cap environment is not an accurate technique to assess BDS competition in Smithville Telephone's service area, and this is likely the same for other small carriers, but there are several means to cure this problem. The most time-conservative of these would be to use existing data from the previous determination of A-CAM supported census blocks, which, in Smithville Telephone's situation, would have the same end result as more complex approaches. Some review would be needed to assure this is a reasonable approach for all A-CAM carriers, but it could help reduce the number of carriers for which a different analysis was required.

It isn't clear how price cap regulation would not effectively be permanent if the competitive reassessment for counties using a 75% cable service threshold is applied to A-CAM carriers. Some other mechanism is needed for A-CAM carriers to exit price cap status if that status is selected per the current Petition wording.



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