

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
Developing a Unified Intercarrier	)	CC Docket No. 01-92
Compensation Regime	)	
	)	

**REPLY COMMENTS OF THE  
EASTERN RURAL TELECOM ASSOCIATION**

**I. INTRODUCTION**

The Eastern Rural Telecom Association (“ERTA”) respectfully submits these reply comments in response to comments filed by October 26, 2017. The comments filed were in response to a Public Notice issued by the Commission on September 8, 2017.<sup>1</sup> The Public Notice asked for an update to the record on certain intercarrier compensation (“ICC”) reform issues.

ERTA is a trade association composed of community based rural local exchange carriers (“RLECs”) and support companies providing telecommunications, broadband Internet, and video services to rural customers in the Eastern half of America. Many RLECs are the only facilities based landline voice and broadband providers in the small, high cost communities they serve.

The nation’s telecommunications network has been built to serve customers, including those in rural America. It can be analogous to the nation’s road system. There are interstate roads, intrastate roads, and local roads. In telecommunications, there are interstate, intrastate,

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<sup>1</sup> WC Docket No. 10-90; CC Docket No. 01-92, Public Notice, DA 17-863 (rel. September 8, 2017) (“Public Notice”).

and local networks for voice traffic to travel over. Taken separately in a vacuum, no single jurisdiction alone serves the whole without interfacing with the other jurisdictions. Taken together, all jurisdictions combined serve customers by allowing nationwide travel. Just like the nation's road system, without sufficient funding for the rural telecommunications network, then rural customers are impacted.

RLECs, for the most part, provide facilities based local, intrastate, and access services. ERTA asks that the Commission prevent negative impacts on customers in rural America before further changes are made. It is not surprising to read comments from other sides of the equation that suggest changes that Wall Street would favor at the expense of rural Main Street customers. AT&T, Verizon and Sprint want RLECs to lose more regulated revenues. In a self serving way, while AT&T supports bill and keep, it wants to exercise its market power and force RLECs to start paying new deregulated fees.<sup>2</sup>

When the Commission started down the path of transitioning terminating rates to B&K, it allowed RLECs to receive some of the lost cost recovery in the form of CAF-BLS support because of the high costs required to provide last mile facilities in rural areas. Because of an arbitrary cap the amount of high cost Universal Service Fund ("USF") support for RLECs has been cut multiple times creating uncertainty and resulting in less funding available for broadband. ERTA agrees with NTCA and WTA that it is not a good time to enforce more funding shortfalls at the expense of customers. It is difficult if not impossible to provide broadband service to unserved rural areas when support funding continues to be cut again and again.

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<sup>2</sup> AT&T Services Inc., Comments at Page 15, "the Commission should deregulate and detariff."

ERTA agrees with NTCA and WTA that “the Commission must evaluate carefully the impact of its previous ICC reforms on consumers and carriers before taking any such further actions.”<sup>3</sup> The Commission should not rush into a prejudged position and instead look at the economic impact of bill and keep so far on customers across the country and especially in rural America. Further elimination of switched access revenues and increases in deregulated transit costs will not help more rural Americans gain access to broadband.

## **II. NETWORK EDGE**

ERTA does not believe there is any customer benefit to define new network edges, especially if the result would increase costs for rural customers solely to increase revenues for larger companies. ERTA agrees with NCTA, that “[t]he Commission should not compel competitors to exchange voice traffic at any particular location on the network or at locations that may not be used to exchange voice traffic.”<sup>4</sup> ERTA members have established networks connected to large LECs. These large LECs would benefit financially by redefining the network edge away from current points of interconnection at the expense of rural customers.

As primarily local service providers with expensive last mile distribution networks, RLECs often exchange all customer traffic with nearby larger LECs that are often in the same local calling area or even at least in the same LATA. Sprint<sup>5</sup> wants existing meet points or points of interface to be replaced by a handful of interconnection points in the country and to pay to get there. This is analogous to a small independent restaurant in Parsons, KS ordering from a supplier and being told everything will be delivered to Kansas City, KS for the restaurant to pick

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<sup>3</sup> NTCA-The Rural Broadband Association and WTA-Advocates for Rural Broadband, Comments at page 5.

<sup>4</sup> NCTA – The Internet & Television Association, Comments at page 6.

<sup>5</sup> Sprint, Comments at page 4.

up. It is ironic that Sprint wants existing meet points or points of interface to be eliminated while at the same time they have thousands of existing landline network connections to cell towers.

NTCA and WTA alluded to prior RLEC association comments from 2012 cautioning against such a change and stated that “[t]his would transfer significant transport costs to rural carriers and their small, rural consumer bases, greatly undermining the Commission’s universal service policies in other respects.”<sup>6</sup> These comments from 2012 are still relevant today.

### **III. TANDEM SWITCHING AND TRANSPORT SERVICES SHOULD NOT GO TO BILL AND KEEP**

ERTA agrees with the Nebraska Rural Independent Companies (“NRIC”) when they noted “NRIC respectfully submits that no need exists to alter the access-related tandem switching and transport requirements at this time unless and until the FCC establishes a sufficient and predictable federal USF recovery mechanism following further fact-finding.”<sup>7</sup> It is difficult if not impossible to provide broadband service to unserved rural areas when support funding is cut, then cut again and again as has happened to RLECs. The Commission should not further reduce ICC revenues including those for tandem switching and transport services.

### **IV. TRANSIT SERVICES SHOULD NOT BE DEREGULATED**

Many RLECs participate in regulated state traffic settlements systems with AT&T, Verizon, and CenturyLink for local and intrastate traffic. Most if not all of this traffic is routed through one or more tandems. AT&T’s suggestion that “the Commission should deregulate and detariff all such intermediate, intercarrier arrangements and charges”<sup>8</sup> is a disingenuous way for them to implement new charges or increase existing charges to RLECs. As mentioned by

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<sup>6</sup> NTCA-The Rural Broadband Association and WTA-Advocates for Rural Broadband, Comments at pages 19-20.

<sup>7</sup> Nebraska Rural Independent Companies, Comments at page 3.

<sup>8</sup> AT&T Services Inc. Comments at page 15.

NCTA, some “providers...offer transit only on an unregulated ‘commercial’ basis, at prices significantly exceeding rates for comparable services provided under interconnection agreements.”<sup>9</sup>

#### **IV. CONCLUSION**

RLECs are small, community based businesses providing last mile services to customers in high cost, rural areas. ERTA believes it is premature to force more bill and keep without a clear understanding by the Commission on the impacts to rural customers. ERTA believes that actions to consolidate network interconnection points would benefit large companies at the expense of RLEC customers and should not be implemented. The Commission should not deregulate transit functions especially if it allows large ILECs to implement new expenses for RLECs with no benefit to customers.

Respectfully submitted,

**EASTERN RURAL TELECOM  
ASSOCIATION**

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<sup>9</sup> NCTA, Comments at Pages 3-4.