

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

NOV 1 1995

In the Matter of )  
Amendment of the Commission's ) CC DOCKET NO. 95-115  
Rules and Policies to Increase )  
Subscribership and Usage of the )  
Public Switched Network )

REPLY COMMENTS OF THE  
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

INTRODUCTION

The National Telephone Cooperative Association ("NTCA") is a national association representing approximately 500 small and rural independent local exchanges carriers ("LECs") providing telecommunications services to interexchange carriers and subscribers throughout rural America. It submits these reply comments to the October 24, 1995, comments filed by others.

DISCUSSION

I. COMMENTERS AGREE THAT INFLEXIBLE FEDERAL MANDATES WILL NOT INCREASE SUBSCRIBERSHIP.

In its initial comments, NTCA urged the Commission to consolidate this docket with its rulemaking that is considering permanent changes to the Universal Service mechanisms. It also suggested that inflexible federal rules are not needed to accomplish the goal of increased subscribership. In particular, there is no need to mandate a rule prohibiting disconnection for

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non-payment of toll. Nor is there a need for a rule requiring LECs to offer blocking of long-distance toll calls. NTCA pointed out that many of its small company members have adopted measures to accommodate customers that have special needs that relate to paying for toll calls or that want or need to restrict toll usage from the lines they subscribe.

Other commenters agree that there is no need for federal mandates to govern disconnection practices or blocking of long-distance toll service. For example, United Utilities, Inc. ("United") and Cincinnati Bell Telephone, ("CBT") both offer voluntary long distance blocking but oppose a mandatory rule.<sup>1</sup> United believes that the proposal to mandate blocking is archaic. In a competitive environment, LECs who want to keep customers will not need a mandate to offer blocking services. Moreover, United believes mandatory jurisdictional toll blocking will drive up the cost of toll blocking and decrease the savings for the customers who need it most.<sup>2</sup>

CBT also utilizes toll restriction but does not believe the Commission should mandate that LECs provide the service. Like United, it believes local service providers should be allowed to offer whichever mechanisms best address the needs of their customers in an increasingly competitive environment. CBT also states that toll blocking does not differentiate between

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<sup>1</sup> United at 1 and 2; and CBT at 8 and 9.

<sup>2</sup> United at Part A.

interstate and intrastate toll calls. Furthermore, it would require very costly system changes with no obvious benefit to make such a distinction.

Commenters also express concern that a "no disconnect for nonpayment of toll" rule may have no positive impact on subscribership. Sprint draws attention to the fact that the Commissions 1995 report on Telephone Subscribership in the United States shows that three states where disconnect for nonpayment is permitted, (Virginia, Wisconsin and Utah) have higher overall penetration rates than does Pennsylvania. Bell Atlantic's comments also raise questions about the effectiveness of a mandatory no disconnect policy. It states that uncollectables have increased nearly 400% and administrative costs have risen more than \$24 million per year while subscriber penetration has increased at a lower than national average rate under the Pennsylvania program. Bell Atlantic believes its experience in the different state jurisdictions it serves shows that a national solution is inappropriate.

The Pennsylvania Public Utility Commission ("Pennsylvania") is also opposed to mandatory federal disconnect and toll blocking rules. It states, "the reasons for nonsubscribership vary between States, making a nationwide mandate unsuitable."<sup>3</sup> Pennsylvania only recommends that the Commission encourage the States to adopt favorable disconnection rules and offer voluntary

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<sup>3</sup> Comments of Pennsylvania at 7.

toll restriction services to subscribers within their respective jurisdictions.<sup>4</sup>

There is also support for a more flexible approach than national rules from other state public service commissions. The Indiana Utility Regulatory Commission, for example, supports the resolution of the July 1995 National Regulatory Utility Commissioners ("NARUC") calling for collaboration.<sup>5</sup> The Maine Public Utilities Commission ("Maine") also suggests that the Commission explore ways to further collaborate and promote a variety of programs to promote Universal Service since it may lack jurisdiction over local service and local disconnection processes.<sup>6</sup>

In view of the many comments disfavoring national call control rules, the Commission should refrain from adopting mandatory rules.

II. THE COMMENTS DEMONSTRATE THAT THE COMMISSION SHOULD CONSOLIDATE THIS PROCEEDING WITH THE PROCEEDING TO CONSIDER ADOPTION OF PERMANENT HIGH COST MECHANISMS.

In its initial comments, NTCA asked that the Commission consolidate this proceeding with the proceeding in which it is considering permanent rule changes that will govern high cost

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<sup>4</sup> Id., also at 10.

<sup>5</sup> Indiana Comments at 6. See also, Comments of Missouri Public Service Commission at 4; and Maine Public Utilities Commission at 2.

<sup>6</sup> Maine at 2.

mechanisms for preserving Universal Service.<sup>7</sup> Other commenters have emphasized the strong relationship between subscribership goals and the high cost mechanisms. They emphasize that the Universal Service Fund, Dial Equipment Minutes ("DEM") Weighting, Lifeline Assistance and Link Up have been effective in increasing subscriber levels, will be needed in the future, and should not be changed without considering the effect changes will have on subscribership.<sup>8</sup> Mid-Rivers Telephone Cooperative, Inc. which serves a vast and sparsely populated area in eastern Montana believes the programs are the key to subscriber penetration.<sup>9</sup>

The comments by AMSC Subsidiary Corporation illustrate further why the Commission should consolidate this proceeding with the CC Docket 80-286 proceeding considering high cost mechanism permanent changes. AMSC recommends that the Commission permit LECs to recover from the USF a portion of the cost of providing Mobile Satellite Service ("MSS") in areas not served by terrestrial phone services. It points out that MSS is likely to provide the most cost-effective and often the most viable option for basic service. AMSC notes that the Commission seeks in this docket comments describing "newer technologies that may also

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<sup>7</sup> In the Matter of Amendment of Part 36 of the Commissions Rules and Establishment of a Joint Board, CC Docket No. 80-286.

<sup>8</sup> Comments of Alaska Public Utilities Commission at 2; Montana Independent Telecommunications Systems, Inc. at 3; and National Exchange Carriers Association at 2.

<sup>9</sup> Mid-Rivers Comments at 2.

serve as reasonable surrogates for traditional wire loops." NPRM, para 41. AMSCs comments respond to this request by recommending that LECs be permitted to use the USF to recover MSS subscriber equipment costs. NTCA does not have a position on this proposal at this time. However, it believes MSSs proposal illustrates why this proceeding should be consolidated with CC 80-286. Subscribership is a Universal Service issue with nationwide implications. The concepts of subscribership and Universal Service both go beyond mere connection to the network. Both envision citizen access to a national infrastructure with capabilities far beyond voice telephony. The issues embodied in these concepts need to be considered in connection with the core programs that have been established to maintain Universal Service. AMSCs recommendation as well should be considered in CC Docket 80-286.

III. THE COMMENTS DEMONSTRATE THAT THE COMMISSION SHOULD ACT ON THE PENDING PETITION REQUESTING IT TO BEGIN A RULEMAKING TO CONSIDER ALLOCATING ADDITIONAL FREQUENCIES FOR THE BASIC EXCHANGE TELECOMMUNICATIONS RADIO SERVICE.

In its initial comments, NTCA asked that the Commission act now on the request for a rulemaking in In the Matter of Petition to Authorize Co-primary Sharing of the 450 MHz Air-Ground Radiotelephone Service with BETRS. In that petition, NTCA and others asked the Commission to begin a rulemaking to authorize BETRS on a co-primary status with the Air-Ground Radiotelephone service in the 450 MHz band. NTCA noted that the record in that proceeding indicates that there is a strong and unabated demand

for the BETRS service. The comments of others confirm NTCAs position that there is an urgent need for additional spectrum for the BETRS service.<sup>10</sup>

Commenters believe that BETRS has helped to increase subscribership in the Nation and reach unserved areas. They also encourage the Commission to allow LECs to use other spectrum based technologies like VHF radio, satellite local loop systems, and fixed cellular to provide local exchange service.<sup>11</sup> NTCA agrees that the Commission should facilitate the use of these technologies for the provision of local exchange service. Their use will increase service in too difficult to serve areas and improve subscribership overall. The Commission should therefore look for opportunities to simplify and accommodate its rules so that the array of wireless technologies available today and into the future will be quickly and efficiently deployed for the provision of local exchange service.

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<sup>10</sup> In comments filed in CC Docket 80-286, the Colorado Public Service Commission Staff agreed that subscribership policies would be served by making more frequency available for BETRS: "[I]t has certainly not been used to the extent one might expect in the sparsely populated areas of Colorado. Although the radio channels assigned to BETRS by the FCC are in a desirable part of the frequency spectrum for this type of service, these channels are limited in number and bandwidth." Colorado Public Service Commission Staff, Comments filed on October 10, 1995, in CC Docket 80-286 at 12-13.

<sup>11</sup> See Comments of Alaska Telephone Association at para. 6; United Utilities, Inc. at 4; Telephone Association of Maine at para. 6, Optaphone generally.

VI. CONCLUSION

For the above stated reasons, NTCA recommends that the Commission consolidate this proceeding with the rulemaking considering permanent changes to the high cost mechanisms. In addition, NTCA recommends that the Commission refrain from adopting national mandates pertaining to disconnection for non-payment and the blocking of long-distance toll service. Lastly, NTCA urges the Commission to begin a rulemaking to allocate additional frequencies for BETRS.

Respectfully submitted,

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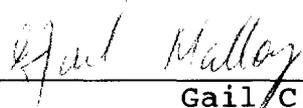
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November 14, 1995

CERTIFICATE OF SERVICE

I, Gail C. Malloy, certify that a copy of the foregoing Reply Comments of the National Telephone Cooperative Association in CC Docket No. 95-115 was served on this 20th day of November 1995, by first-class, U.S. Mail, postage prepaid, to the following persons on the attached list:

  
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