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

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of

Petition for Agreement with Designation of)
Rural Company Eligibility Telecommunications)
Carrier Service Areas at the Exchange Level)
and for Approval of the Use of Disaggregation)
of Study Areas for the Purpose of Distributing)
Portable Universal Service Support)

CC Docket No. 96-45

DA 98-1691

Filed by: The Washington Utilities and)
Transportation Commission, Asotin Telephone)
Company, CenturyTel of Cowiche, Ellensburg)
Telephone Company, CenturyTel of)
Washington, Hat Island Telephone Company,)
Hood Canal Telephone Co., Inc., Inland)
Telephone Company, Kalama Telephone)
Company, Lewis River Telephone Company)
Mashell Telecom, Inc., McDaniel Telephone)
Company, Pend Oreille Telephone Company)
Pioneer Telephone Company, St. John,)
Co-operative Telephone and Telegraph)
Company, Tenino Telephone Company,)
The Toledo Telephone Co., Inc., United)
Telephone Company of the Northwest,)
Western Wahkiakum County Telephone)
Company, Whidbey Telephone Company, and)
Yelm Telephone Company)

COMMENTS
OF
THE UNITED STATES TELEPHONE ASSOCIATION

The United States Telephone Association (USTA) hereby submits these comments on the
above-referenced petition filed by the Washington Utilities and Transportation Commission

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(WUTC) and twenty rural local exchange carriers (LECs).¹ As the principle trade association of the LEC industry, USTA comprises approximately 1,200 carriers.

The Petitioners seek two actions from the Commission. First, Commission approval is requested for the WUTC's designation of the exchanges of multi-exchange rural LECs to be the service areas of those carriers designated as eligible telecommunications carriers, pursuant to Section 214(e)(5) of the Communications Act of 1934, as amended,² and Section 54.207 of the Commission's rules.³ Second, waiver of the method of porting universal service funds prescribed in Section 54.307 of the rules⁴ is requested to allow the disaggregation of service areas. This method relies on the use of a proxy model to disaggregate universal service support.

The relief requested in the subject petition goes well beyond a simple, straight-forward study area waiver. The petition raises such complex issues as the use of disaggregation of support, the competitive consequences of basing universal service support on study areas, the use of proxy models for calculating costs for rural companies, and the potential preemption of issues to be decided by the Joint Board,⁵ among others. The issues raised by this petition have the potential of altering the Commission's universal service policies that have been established and

¹The Commission issued a Public Notice on August 24, 1998 seeking comments on the Petition by September 14, 1998 and reply comments by September 28, 1998, DA 98-1691.

²47 U.S.C. § 214(e)(5).

³47 C.F.R. § 54.207.

⁴47 C.F.R. § 54.307.

⁵In its *Report and Order* in Federal-State Joint Board on Universal Service, CC Docket No. 96-45, 12 FCC Red 8776, 8889 (1997), the Commission stated that it would defer consideration of support for rural telephone companies based on forward-looking mechanisms until January 1, 2001 at the earliest.

are being further formulated in ongoing proceedings. The Commission cannot allow such significant policies to be modified in the context of a single state's study area waiver request.⁶

The significance of the issues raised in the WUTC petition and their potential impact are signalled by the actual role of the petitioning rural LECs revealed in footnotes of the petition.⁷ Those passages make clear that, although the rural LECs are petitioners in name, they oppose the petition unless the use of disaggregated service area support is approved by the Commission. Further, action as requested on this petition establishes a precedent that may well be preemptive of subsequent rulemaking proceedings contemplated by the Commission to deal with the important controversial policy issues concerning the scope, structure and operation of universal service high cost support for rural areas.⁸

Based on the above, USTA is not able to adequately respond to the significant issues raised by the WUTC petition at this time. The time frame set by the Commission for comments

⁶Pursuant to Section 54.207(c)(3)(ii) of the rules, a petition is deemed to be granted if the Commission does not take action within ninety (90) days of the issuance of the public notice instituting a proceeding on the request. The WUTC petition is far too serious of a matter to become effective by inaction on the part of the Commission or to be fully considered within the time frame that this rule provides.

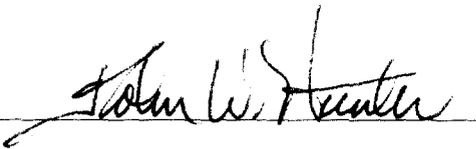
⁷Petition 1-2 n.2, 11 n.17.

⁸The Commission has already set forth a procedure and timetable for considering these issues. In the Public Notice announcing the Rural Task Force members for the Federal-State Joint Board on Universal Service, FCC 98J-1, rel. July 1, 1998, the Commission stated that the Rural Task Force would make specific recommendations on the Forward Looking Economic Cost (FLEC) mechanism to the Joint Board nine months after the Commission implements a FLEC mechanism for non-rural carriers. The Joint Board is then to file a report on the recommendations with the Commission, after which the Commission will issue a Further Notice of Proposed Rulemaking on the FLEC mechanism for rural carriers. The Commission should not side-step this procedure that includes full public comment by prematurely acting on these broad issues that happen to be raised in the WUTC petition.

and replies are inadequate for the thorough consideration that must be given to the myriad of issues raised by this petition. USTA urges the Commission not to hastily act on this request without fully considering the policy implications of the issues raised and providing ample opportunity for all interested parties to comment on those matters.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

By 

Its Attorneys:

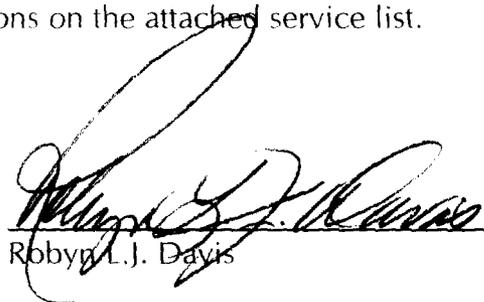
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September 14, 1998

CERTIFICATE OF SERVICE

I, Robyn L.J. Davis, do certify that on September 14, 1998 copies of the Comments of the United States Telephone Association were either hand-delivered, or deposited in the U.S. Mail, first-class, postage prepaid to the persons on the attached service list.



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