

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

In the Matter of )  
 )  
Inquiry Concerning the Deployment of )  
Advanced Telecommunications ) CC Docket No. 98-146  
Capability to All Americans in a Reasonable )  
and Timely Fashion, and Possible Steps )  
to Accelerate Such Deployment )  
Pursuant to Section 706 of the )  
Telecommunications Act of 1996 )

To: The Commission

**REPLY COMMENTS OF  
THE RURAL TELECOMMUNICATIONS GROUP**

The Rural Telecommunications Group (“RTG”), by its attorneys, hereby respectfully submits these reply comments in response to the Comments of AT&T Corp (“AT&T”) in the above captioned proceeding.<sup>1</sup> RTG specifically addresses AT&T’s comments regarding the relationship between Section 254 of the Communications Act of 1934, as amended, (“the Act”) and Section 706 of the Telecommunications Act 1996 (“1996 Act”) and their individual and combined roles in the deployment of advanced services to rural areas.

In its comments, AT&T states that “Section 254 should be sufficient to ensure the deployment of advanced telecommunications capability to rural areas.” AT&T p. 55. AT&T goes on to explain, “Section 254(b)(3) provides for the capability of rural areas to access

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<sup>1</sup> AT&T’s Comments were filed in response to a *Notice of Inquiry* (“NOI”) released by the Federal Communications Commission (“FCC” or “Commission”) on August 7, 1998. The NOI was released as a companion to *Deployment of Wireline Services Offering Advanced Telecommunications Capability, Memorandum Opinion and Order and Notice of Proposed Rulemaking*, FCC 98-188, CC Docket No. 98-147 (rel. August 7, 1998) (“MO&O and NPRM”).

advanced services at the same terms and conditions as urban areas, once those advanced services are incorporated in the definition of universal services." *Id.* AT&T then cautions the Commission to use caution and to track the deployment of advanced services in urban areas before expanding the definition of universal service. *Id.* p. 55-56. Finally, AT&T gets to the point by stating:

In all events, the Commission should not undermine the competitive neutrality provisions of Section 254 that require portability of USF funding by granting ILECs regulatory relief to provide advanced telecommunications capability to rural areas.

*Id.* p. 56 (footnote omitted).

To the extent that AT&T's comments could be read as opposing regulatory relief for rural telephone companies and their affiliates, RTG opposes this position. AT&T seems to be suggesting that absent the future inclusion of certain advanced services in the definition of universal service, the Commission need not, and indeed *should not* do anything to encourage the deployment of advanced services to rural areas. AT&T, in effect, asks the Commission to throw up its hands when it comes to rural areas and allow advanced services to be deployed in urban areas first. Such a response from the Commission, however, does not comport with Section 706 of the 1996 Act or Section 309(j) of the Act.

Although RTG agrees that universal service support may be necessary to ensure the deployment of certain advanced services to certain rural areas at some future time,<sup>2</sup> the Commission need not sit on its hands in the meantime. As RTG and other commenters explained in comments filed in this proceeding, rural telephone companies and their affiliates are currently

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<sup>2</sup> This, of course, assumes that such services are included in the definition of universal service and that high cost support for fundamental services is not compromised. At this time, RTG does not take a position as to which "advanced" services should be included within universal service or when the Commission should make such a determination.

deploying or preparing to deploy wireless and wireline advanced services to rural areas.<sup>3</sup> As detailed in RTG's comments, one of RTG's members provides low mobility wireless service over Commercial Mobile Radio Services ("CMRS") spectrum as an alternative to traditional local loop service. Several of RTG's members provide fixed wireless service over CMRS spectrum to customers that would not otherwise have telephone service at all, and nearly half of the Local Multipoint Distribution Service ("LMDS") auction winners are affiliated with rural telephone companies. Many of these companies intend to utilize LMDS to provide high-speed Internet access, data services, advanced video services and to provide competitive local loop service in adjacent markets or to compete with incumbent multichannel video programming distributors ("MVPD").

The Commission should encourage this deployment by allowing rural telephone companies and their affiliates maximum flexibility to utilize a host of technologies — wireless, wireline or hybrid — within the least burdensome regulatory regime, to deploy advanced services in difficult to serve rural areas. In its comments in this proceeding and in the companion proceeding, CC Docket No. 98-147, RTG outlines many actions which the Commission should take to encourage this deployment to rural areas as required by Sections 309(j) of the Act and 706 of the 196 Act. If the Commission sets the proper course, the marketplace, and not universal service support, may ensure the provision of advanced services to many rural areas.

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<sup>3</sup> *See generally*, Comments of the National Telephone Cooperative Association ("NTCA"); Comments of Organization for the Promotion and Advancement of Small Telecommunications Companies ("OPASTCO").

The Commission should not establish a regulatory regime in which advanced services can be deployed only to rural areas with universal service support, only after such advanced services have been included in the definition of universal service, and only after such advanced/universal services have been deployed to substantial number of urban customers. Moreover, as detailed in RTG's comments in CC Docket No. 98-147, the Commission certainly should not erect impediments to the continued deployment of advanced services by rural telephone companies and by rural wireless providers such as rural LMDS licensees. For example, the Commission's current approach could subject packet switching facilities used to support LMDS to unbundling requirements. Unfortunately, such an outcome discourages deployment in rural areas. Such an approach is antithetical to Section 706 which requires the Commission to "encourage" the deployment of advanced services to rural areas.

Accordingly, rather than writing off rural areas, as AT&T suggests, until some future alteration in the definition of universal service is made, the Commission should establish a de-regulatory environment now which encourages the continued deployment of advanced services to rural areas.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

I, Joy Barksdale, hereby certify that on this 8<sup>th</sup> day of October, 1998, a copy of the foregoing "Reply Comments of the Rural Telecommunications Group" was served by first class United States mail, postage prepaid to the parties listed below:

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