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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

April 18, 2001

Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, SW
TW-A325
Washington, DC 20554

RE: CC Docket Nos. 00-256, 96-45, 98-77, 98-166

Dear Ms. Salas:

On Tuesday, April 17, 2001, Mick Jensen and Ken Pfister of Great Plains Communications, Chuck Fast of Consolidated Companies, Cindy Bittinger of Clarks Telecommunications Co., and Lisa Zaina, Wallman Strategic Consulting, LLC, met with Dorothy Attwood and Carol Mattey, Chief and Deputy Chief of the Common Carrier Bureau, respectively; Jane Jackson, Chief of CPD; Katherine Schroder and Eric Einhorn, Chief and Acting Deputy Chief, respectively, of APD; and Jack Zinman, Counsel. We discussed the above captioned proceedings and their effect on the Nebraska Companies.

More specifically, we urged the Commission to retain rate of return regulation as an option under the MAG plan for small, rural companies, in recognition that their unavoidable costs, lack of demand growth and limited opportunities to implement additional operational efficiencies will make it very unlikely that their customers can benefit from incentive regulation.

Furthermore, we expressed that the target Composite Access Rate ("CAR") of 1.6 cents per minute in the MAG plan does not reflect the cost of providing access for many rural companies – as evidenced by the results for rural companies from the Hatfield and Hybrid Cost Proxy models. Rural companies required to set non-cost-based access rates

will not be able to maintain the investment levels necessary to meet their customers' universal service and advanced services needs.

Finally, if all rural companies were forced to set their access rates at the 1.6-cent level, this would mean that actual costs associated with providing access service would be inappropriately moved into the portable Rate Averaging Support, thus providing an uneconomic incentive to competitors and harm the rural companies' ability to invest in networks to serve their customers.

We appreciated the opportunity to discuss these issues with the Bureau. The Nebraska Companies also look forward to continuing a dialogue on matters of concern to the small and rural companies.

Respectfully submitted,

Lisa M. Zaina
Vice President

Copies:
Dorothy Attwood
Carol Mattey
Jane Jackson
Katherine Schroder
Eric Einhorn
Jack Zinman

Enclosure

NEBRASKA COMPANIES MEETING WITH

THE FEDERAL COMMUNICATIONS COMMISSION

April 17, 2001

Mick Jensen
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on behalf of
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Cindy Bittinger
on behalf of
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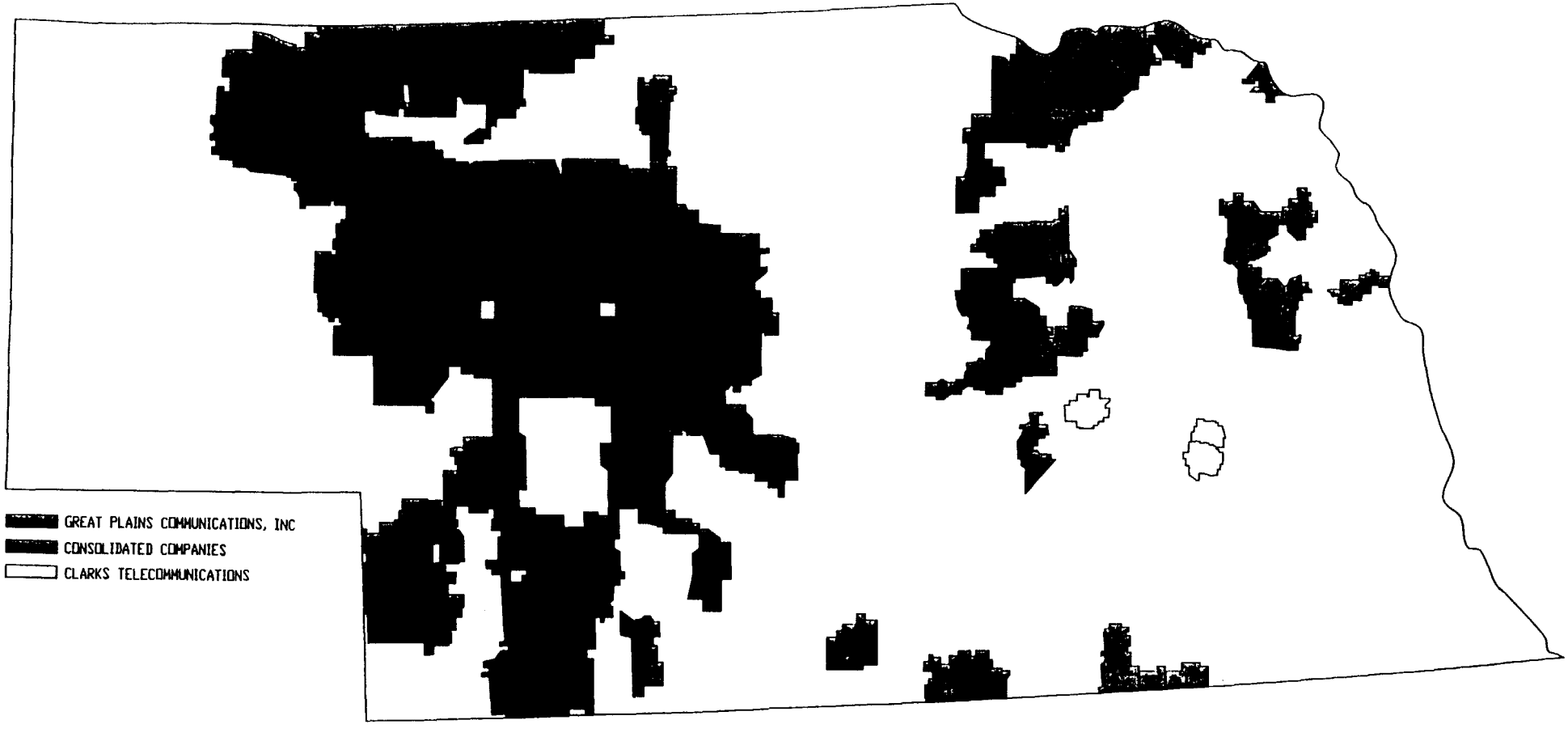
NEBRASKA COMPANIES/FCC MEETING
APRIL 17, 2001

- Characteristics of Nebraska rural telephone companies:
  - Great Plains Communications
  - Consolidated Telephone Companies
  - Clarks Telecommunications
- Path B option in MAG Plan must be maintained.
  - Price Cap precedent: FCC provided options for Price Cap companies due to the diversity among the companies.
  - Diversity among ROR LECs is more significant than among the Price Cap LECs.
  - Incentive regulation will not work for all companies.
- Companies cannot support moving to a CAR of 1.6 cents/minute.
  - Companies have a substantial reliance on access and universal service.
  - Local service revenues cannot be improved because local service rates are already as high as our markets can bear.
  - 1.6 cents/minute is inadequate from a cost perspective.
  - RAS should not include access costs.
- Consumer benefits of maintaining Path B:
  - Service quality is maintained in rural areas.
  - Services continue to be available in rural areas.
  - Companies continue to invest in rural telecommunications infrastructure.
- Conclusion:
  - Companies support the MAG Plan as proposed.
  - A CAR of 1.6 cents/minute is inappropriate for many rural companies.
  - Flexibility and optionality must be maintained.



EXCHANGES OF GREAT PLAINS COMMUNICATIONS, INC./
CONSOLIDATED COMPANIES/CLARKS TELECOMMUNICATIONS

03/26/01 DR

GREAT PLAINS COMMUNICATIONS

61 Exchanges • 33,511 Access Lines • 13,623 Square Miles

Exchange sizes range from 65 access lines to 2,063 access lines

Number of Exchanges	*Access Line Range*
2	0 – 99
10	100 – 199
19	200 – 499
21	500 – 999
9	1,000 +

Overall average subscriber density per square mile: 2.46

Number of Exchanges	*Subscribers Per Square Mile*
19	0 – 1.9
19	2 – 3.9
11	4 – 5.9
11	6 – 10.9
1	11 +

Access Line Growth

Year	*Access Lines*	*Growth*	*% Change*
1998	32,876	316	.97%
1999	33,482	606	1.84%
2000	33,511	29	.09%

Population change from 1990 to 2000: –2.19%

New Investment Over a Five-Year Period (1996-2000)

Total: $33,047,840 • Per Access Line: $1,031

Gross Plant (2000)

Total: $115,897,807 • Per Access Line: $3,459

Advanced Services Deployment

Offering broadband services in 42 exchanges
Capable of offering in an additional 17 exchanges
Capable of reaching 75% (26,000) of customers
Currently have 350 customers utilizing broadband services

CONSOLIDATED COMPANIES

(Includes Home, Eustis, Consolidated Telco and Consolidated Telephone)

23 Exchanges
6,438 Access Lines
8,700 Square Miles

Exchange sizes range from 50 access lines to 572 access lines

Number of Exchanges	*Access Line Range*
4	0 – 99
9	100 – 299
10	300 +

Subscriber density per square mile: 0.74

Access Line Growth

Year	*Access Lines*	*Growth*	*% Change*
1997	5,870	130	2.26%
1998	6,002	132	2.25%
1999	6,277	275	4.58%
2000	6,438	161	2.56%

Access line growth for years 1990 through 1996: 0.82%

The Consolidated companies serve all or part of 20 counties. For the years 1990 through 2000, 16 of those counties experienced a decrease in population and 4 counties experienced an increase in population.

New Investment Over a Five-Year Period (1996-2000)*

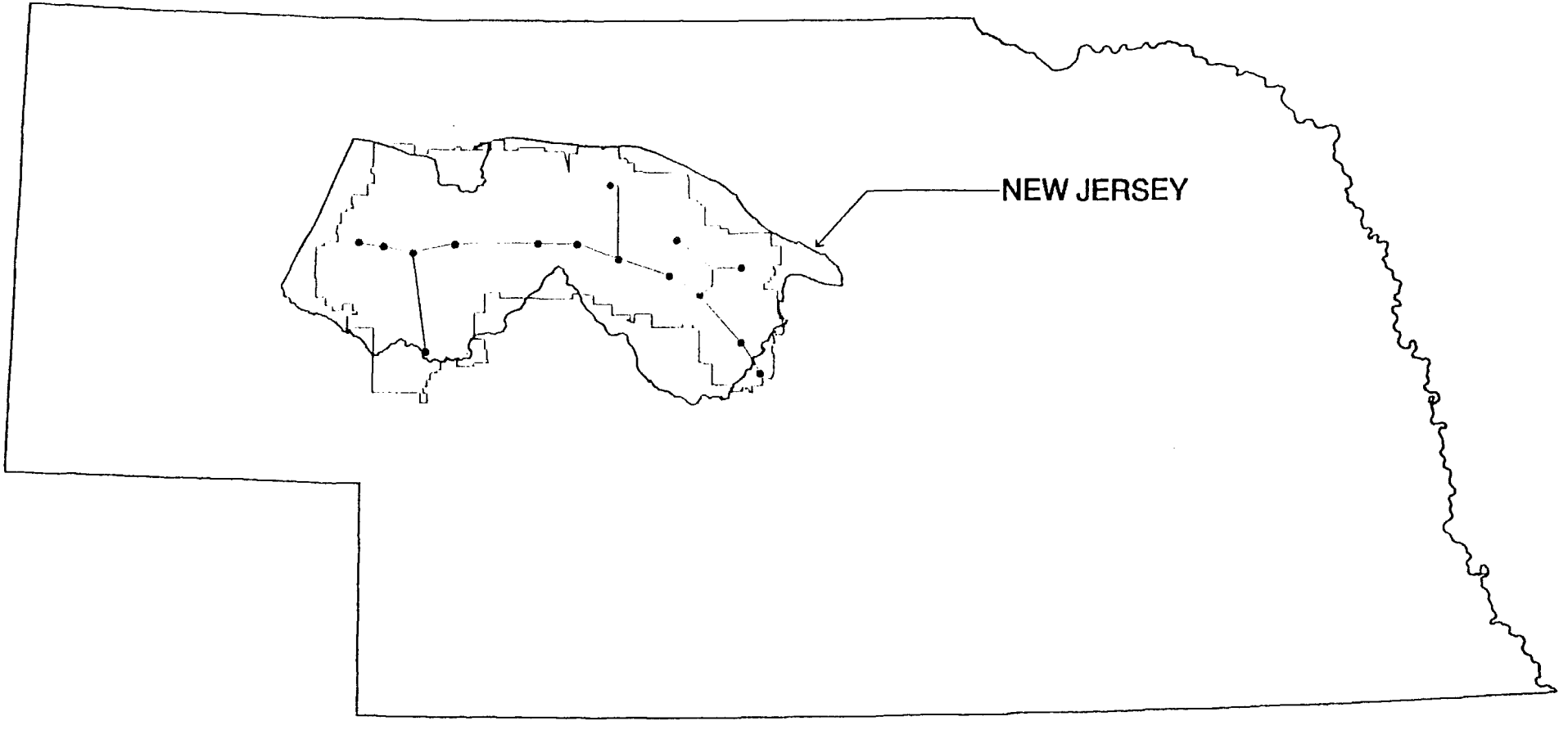
Total: $8,314,741
Per Access Line: $1,783

Gross Plant (2000)*

Total: $20,462,820
Per Access Line: $4,125

*** Includes data for Consolidated Telco and Consolidated Telephone only.**
(Home and Eustis were purchased January 2001)

Consolidated's Service Area Would Cover 90% of New Jersey



CLARKS TELECOMMUNICATIONS CO.

3 Exchanges
977 Access Lines
210 Square Miles

Exchange sizes range from 249 access lines to 439 access lines

Subscriber density per square mile: 4.65

Access Line Growth

Year	*Access Lines*	*Growth*	*% Change*
1997	967	3	0.31%
1998	991	24	2.48%
1999	990	-1	-0.10%
2000	977	-13	-1.31%

Population change from 1990 to 2000: –0.98%

New Investment Over a Five-Year Period (1996-2000)

Total: $1,498,898
Per Access Line: $1,528

Gross Plant (2000)

Total: $4,508,630
Per Access Line: $4,615

RBOC and GTE Gross Plant (1999)*

Per Access Line: $1,476

*Source: *Statistics of Common Carriers 1999*, Federal Communications Commission (rel. Aug. 2000)

RATIOS – PRICE CAP VS. RATE-OF-RETURN ("ROR") COMPANIES

ACCESS LINES

Price Cap Companies: large to small = **77 to 1**[1]

ROR Companies: large to small = **29,000 to 1**[2]

ROR Companies: large to Nebraska rural company median = **2,088 to 1**[3]

REVENUES

Price Cap Companies: large to small = **81 to 1**[4]

ROR Companies: large to small = **8,860 to 1**[5]

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[1] Based on a comparison of total access lines for Bell Atlantic and Lincoln Telephone and Telegraph. See *Statistics of Common Carriers 1989*, Federal Communications Commission, Table 2.10.

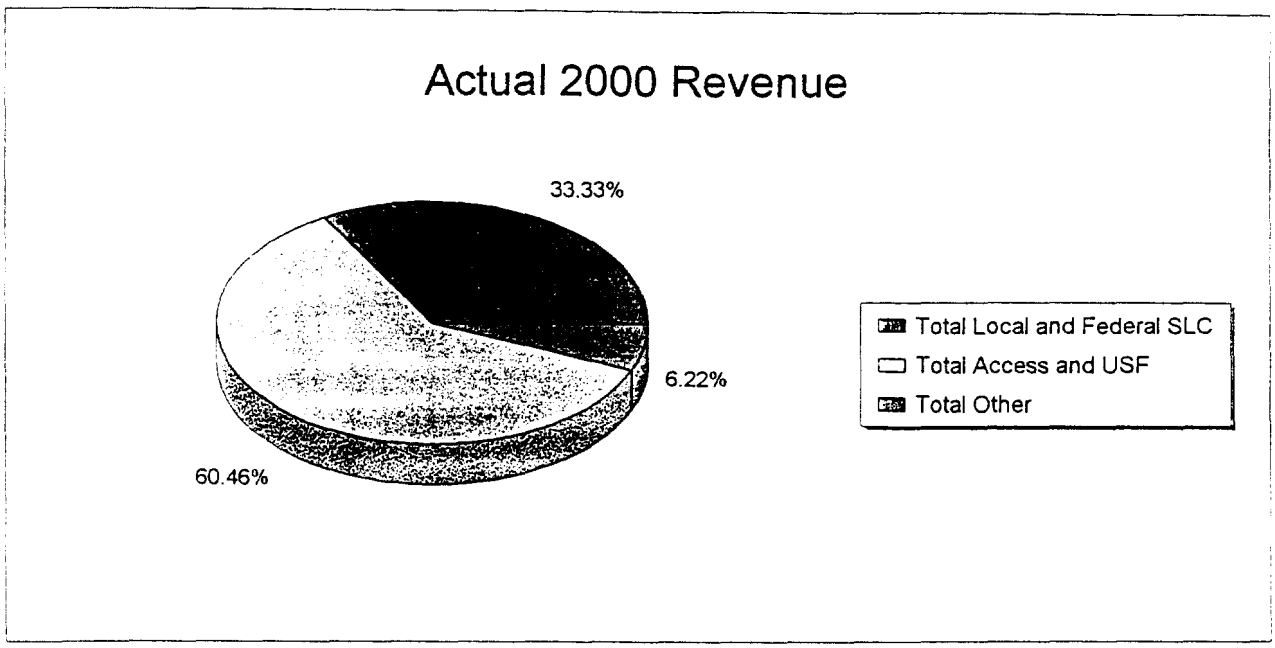
[2] Based on a comparison of total access lines for ALLTEL and the smallest telephone company in Nebraska, Sodtown Telephone Cooperative, with 83 access lines. See *Statistics of Common Carriers 1999*, Federal Communications Commission, (rel. Aug. 2000) at Table 1.1 for ALLTEL data. See *Annual Report to the Legislature on the Status of the Nebraska Telecommunications Industry*, Nebraska Public Service Commission, September 30, 2000, Access Line & Exchange Data Table for Sodtown Telephone Cooperative data.

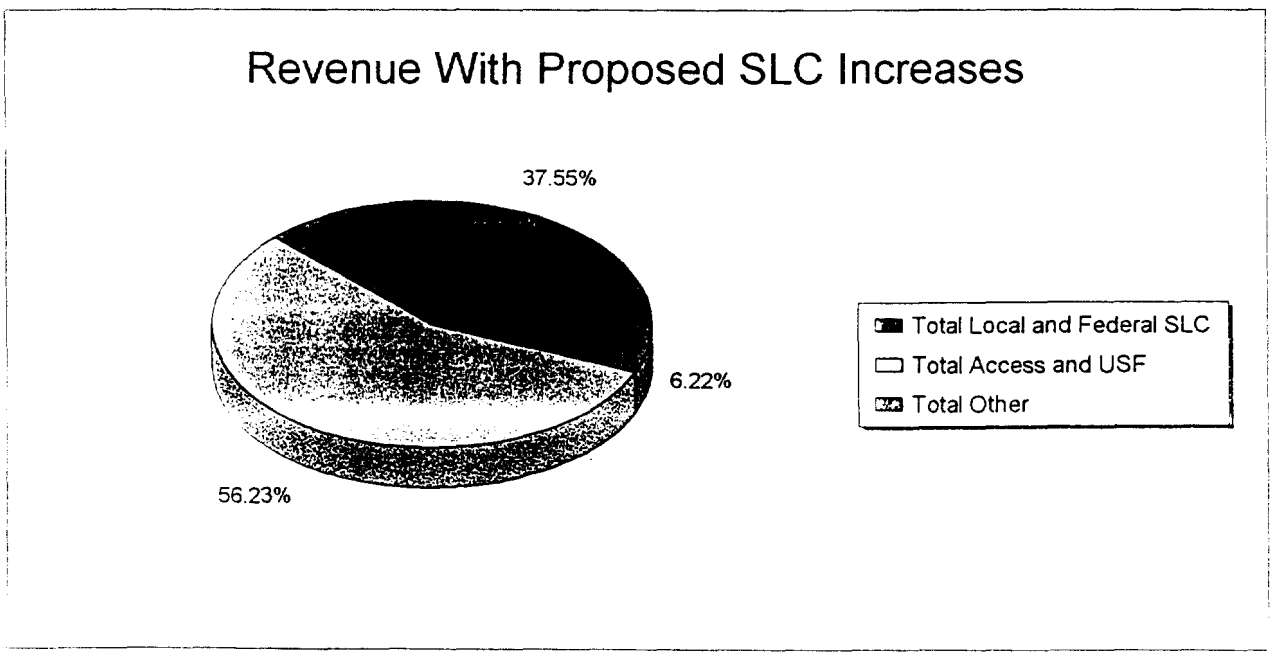
[3] Based on a comparison of total access lines for ALLTEL and the Nebraska rural telephone company median size of 1,165 access lines. See *Statistics of Common Carriers 1999*, Federal Communications Commission, (rel. Aug. 2000) at Table 1.1 for ALLTEL data. See *Annual Report to the Legislature on the Status of the Nebraska Telecommunications Industry*, Nebraska Public Service Commission, September 30, 2000, Access Line & Exchange Data Table for rural telephone company data.

[4] Based on a comparison of total operating revenues for NYNEX and Lincoln Telephone and Telegraph. See *Statistics of Common Carriers 1989*, Federal Communications Commission, Table 2.9.

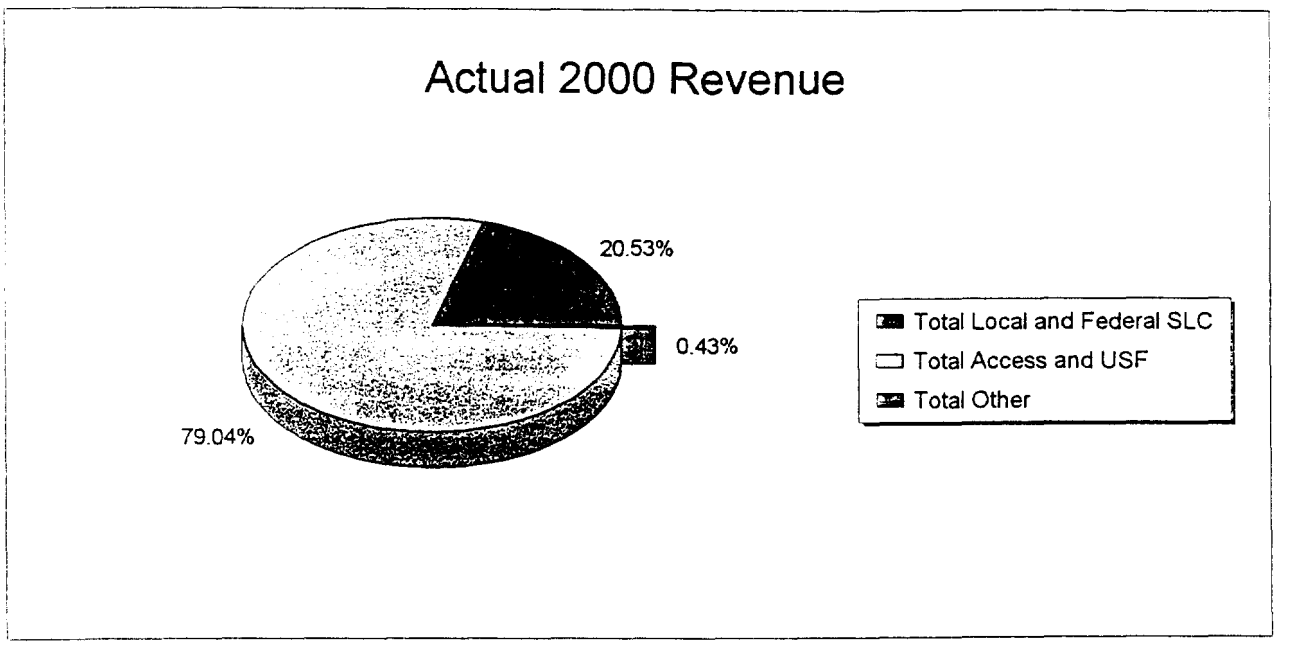
[5] Based on a comparison of total operating revenues for ALLTEL and an estimate of $100,000 for a ROR company with 100 access lines or fewer. Small telephone cooperatives do not publicly report their revenues, thus, an exact number is not available. See *Statistics of Common Carriers 1999*, Federal Communications Commission, (rel. Aug. 2000) at Table 2.11 for ALLTEL data.

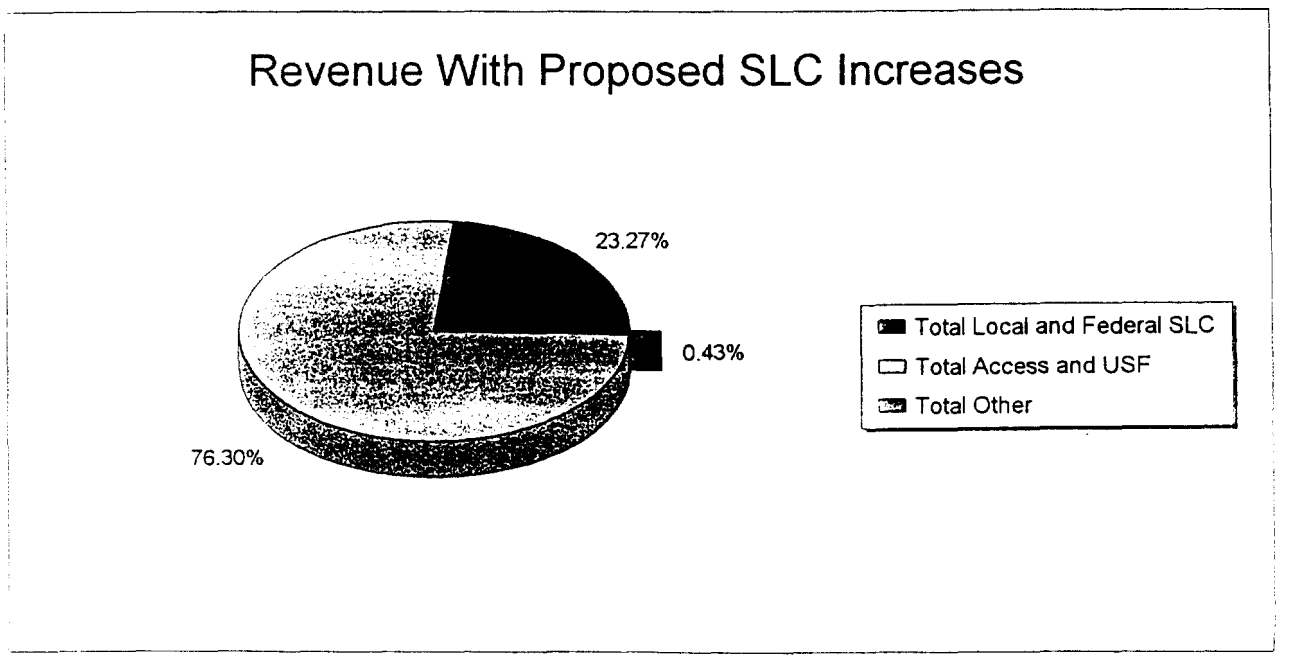
GREAT PLAINS COMMUNICATIONS





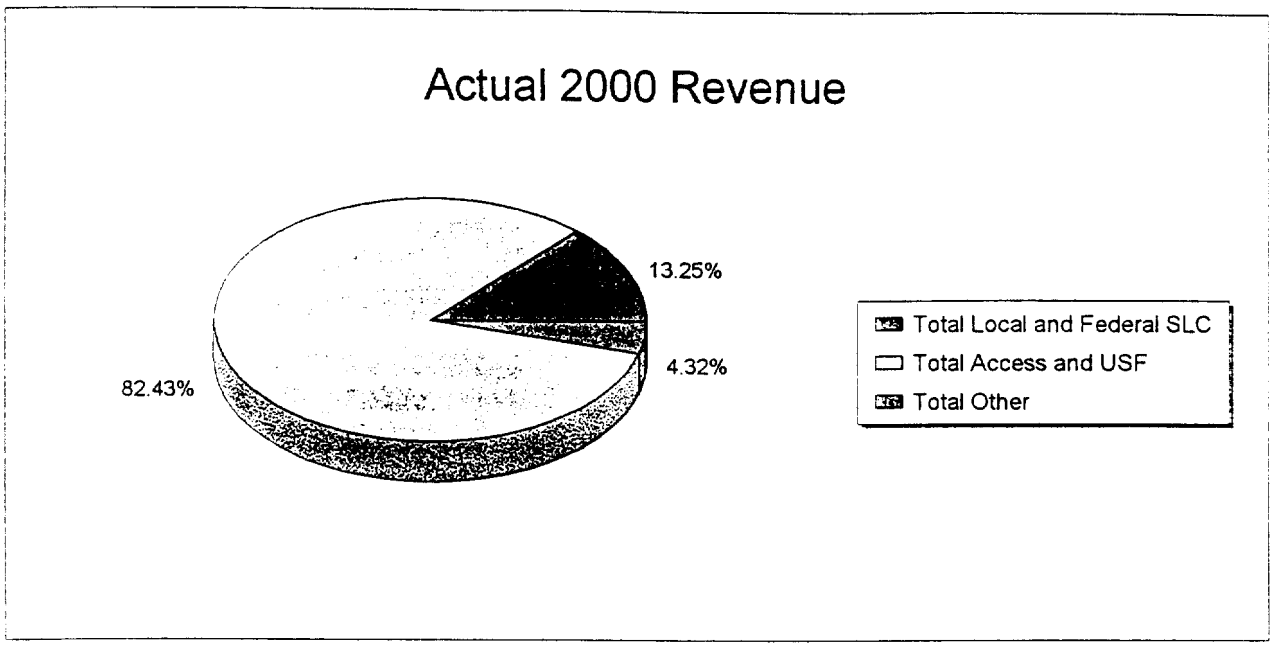
CONSOLIDATED COMPANIES

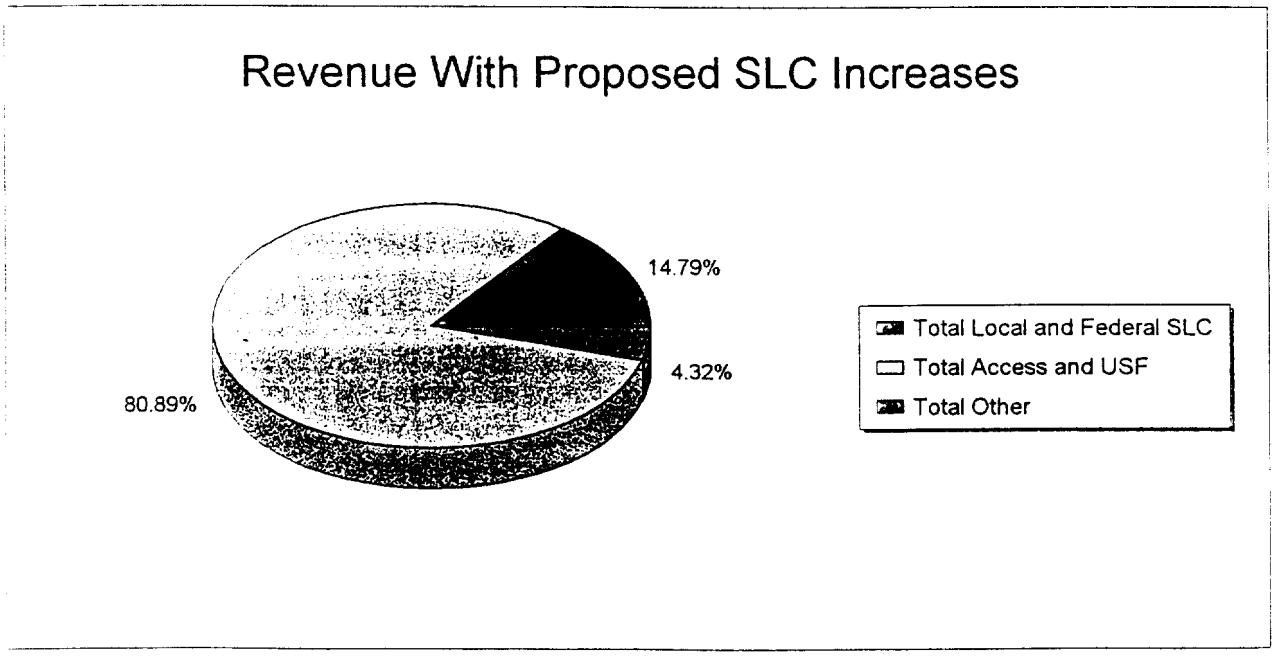




NOTE: Includes data for Consolidated Telco and Consolidated Telephone only.
(Home and Eustis were purchased January 2001)

CLARKS TELECOMMUNICATIONS CO.





MINIMUM MONTHLY CHARGES
PAID BY OUR NEBRASKA RATEPAYERS

	Residence
Local Exchange Service	$17.50
SLC	$ 3.50
NUSF Surcharge*	$ 1.22
911 Surcharge	$ .50
TRS Surcharge	$ .05
State tax (5%)	$ 1.05
Federal excise tax (3%)	$ .63
Total	**$24.45**

Monthly Residential Charges - National Average	**$19.87****

*Nebraska Universal Service Surcharge: 6.95% of intrastate charges

**See *Trends in Telephone Service;* FCC CCB Publication (rel. December 2000), at Table 14.1.

MEDIAN HOUSEHOLD INCOME FOR FAMILY OF FOUR

Nebraska Counties Predominantly Served By Great Plains, Consolidated and Clarks

United States Average: $37,005

Income	*County*
$19,468	Arthur
$20,856	McPherson
$22,144	Blaine
$24,862	Hooker
$24,909	Thomas
$25,604	Greeley
$26,679	Grant
$26,711	Knox
$26,894	Hitchcock
$27,075	Sheridan
$27,807	Webster
$29,356	Hayes
$30,037	Logan
$31,115	Thayer
$32,125	Chase
$32,331	Dixon
$32,473	Perkins