

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

In the Matter of)	
)	
2000 Biennial Regulatory Review --)	
)	
Requirements Governing the NECA Board)	CC Docket No. 01-174
of Directors under Section 69.602 of the)	FCC 01-218
Commission's Rules)	
)	
and)	
)	
Requirements for the Computation of)	
Average Schedule Company Payments)	
Under Section 69.606 of the)	
Commission's Rules)	

**NATIONAL TELEPHONE COOPERATIVE ASSOCIATION
INITIAL COMMENTS**

The National Telephone Cooperative Association (NTCA)¹ submits these comments in response to the Federal Communications Commission's (FCC or Commission) Notice of Proposed Rulemaking (NPRM) in the above-captioned proceeding. NTCA recommends that the Commission seek to simplify the processes used for developing and reviewing NECA's average schedule formulas, providing that a reasonable process can be identified to adjust average schedule formulas based on changes in costs at representative cost companies. The process does not have to be complicated, but it needs to produce reasonable and equitable results.

NTCA recognizes that any change in the method for adjusting average schedule formulas and resulting tariffs will create some winners and losers. However, that alone is not a reason to

¹ NTCA is a non-profit corporation established in 1954 and represents 545 rural telecommunications companies. NTCA members are full service telecommunications providers for rural communities, providing local, wireless, cable, Internet, satellite and long distance services to their communities. All NTCA members are small carriers that are defined as "rural telephone companies" in the Telecommunications Act of 1996 (Act). 47 U.S.C. §

retain the existing rules and processes. If a streamlined manner can be found, which produces reasonable results, it is highly desirable to replace current methods employed by the National Exchange Carrier Association (NECA) to develop formulas and rates. The methodology should not have an obvious bias. It should minimize adverse impacts on any group or set of companies. Today's average schedule formula development process is complex. It is also lengthy; the whole process takes almost a year.

The process is also burdensome and costly. Special data gathering and analysis is performed involving hundreds of companies. Also, a great deal of statistical and regression analysis is performed. NTCA participates in the current process and has first hand knowledge of the difficulties and frailties involved. NTCA is convinced that a suitable approach can be devised by NECA without sacrificing overall accuracy. NTCA supports the effort to streamline the process and strongly urges the Commission to earnestly consider simplification proposals.

Respectfully submitted,

NATIONAL TELEPHONE COOPERATIVE
ASSOCIATION

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151 (37). They are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities.

CERTIFICATE OF SERVICE

I, Gail C. Malloy, certify that a copy of the foregoing Comments of the National Telephone Cooperative Association in CC Docket No. 01-174, FCC 01-218 was served on this 22nd day of October 2001 by first-class, U.S. Mail, postage prepaid, to the following persons

/s/ Gail C. Malloy
Gail C. Malloy

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