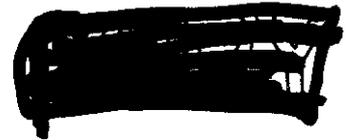


McGuireWoods LLP  
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1050 Connecticut Avenue N.W.  
Suite 1200  
Washington, DC 20036-5317  
Phone 202.857.1700  
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ORIGINAL



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MAR - 8 2002

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

March 8, 2002

VIA HAND DELIVERY

William F. Caton  
Acting Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

EX PARTE OR LATE FILED

Re: Section 1.1206 Ex Parte Statement of Ronan Telephone Consumer Advisory Committee

In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers - CC Docket No. 00-256

In the Matter of Developing a Unified Intercarrier Compensation Regime - CC Docket No. 01-92

In the Matter of Federal-State Joint Board on Universal Service - CC Docket No. 96-45

In the Matter of Truth-in-Billing and Billing Format - CC Docket No. **98-170**

Dear Mr. Caton:

On March 7, 2002, Linda West, on behalf of the Ronan Telephone Consumer Advisory Committee (the "Consumer Committee") and Jay W. Preston, Cynthia Preston, Chuck Evilsizer, and I, James U. Troup, on behalf of Ronan Telephone Company (the "Telephone Company") met with Commissioner Michael J. Copps and his Senior Legal Advisor, Jordan Goldstein. The representatives also met with staff members of the Common Carrier Bureau, including Jane E. Jackson, Associate Chief of the Common Carrier Bureau, Jack Zinman, Deputy Chief of the Competitive Pricing Division, Christopher Libertelli, and Jessica Rosenworcel.

As summarized in the attached memorandum, the Consumer Committee and the Telephone Company discussed the Multi-Association Group ("MAG") plan for the regulation of interstate services of non-price cap incumbent local exchange carriers and interexchange carriers, as well the Bill & Keep proposals in the Unified Intercarrier Compensation Regime docket. The Consumer Committee explained the hardship that has occurred with the increase in the subscriber line charge, and the Telephone Company showed how the MAG plan has created a new subsidy for long distance carriers by reducing access charges below cost and increasing end user rates for consumers that do not place many long distance calls. In regard to the Universal Service Fund and Truth-in-Billing, it was noted that some interexchange carriers may be overcharging their customers by not passing through the access charge reductions.

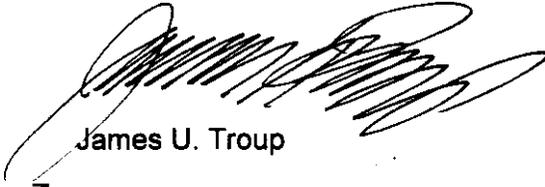
March 8, 2002  
Page 2

Pursuant to 47 C.F.R. § 1.1206, an original and seven copies of this letter and the attached memorandum are provided. Please associate the original and one copy with CC Docket No. 00-256 and two copies with each of the following dockets: CC Docket No. 01-92; CC Docket No. 96-45; and, CC Docket No. 98-170.

Acknowledgement and date of receipt of this filing is respectfully requested. A duplicate copy of this letter is provided for this purpose.

Should you have any questions concerning this matter, please contact the undersigned at 202-857-1702.

Sincerely,

A handwritten signature in black ink, appearing to read 'James U. Troup', is written over a printed name.

James U. Troup

Counsel for Ronan Telephone Company

Enclosure (Ex Parte Memorandum)

Cc: Commissioner Michael J. Copps  
Jordan Goldstein, Senior Legal Advisor to Commissioner Michael J. Copps  
Jane E. Jackson, Associate Chief of the Common Carrier Bureau  
Jack Zinman, Deputy Chief of the Competitive Pricing Division  
Jessica Rosenworcel, Common Carrier Bureau  
Christopher Libertelli, Common Carrier Bureau

**Ex Parte Memorandum**

**Ronan Telephone Consumer Advisory Committee  
Ronan Telephone Company**

March 7, 2002

In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers – **CCDocket No. 00-256**

In the Matter of Developing a Unified Intercarrier Compensation Regime – **CCDocket No. 01-92**

In the Matter of Federal-State Joint Board on Universal Service – **CCDocket No. 96-45**

In the Matter of Truth-in-Billing and Billing Format – **CCDocket No. 98-170**

On March 7, 2002, Linda West, on behalf of the Ronan Telephone Consumer Advisory Committee (the “Consumer Committee”) and Jay W. Preston, Cynthia Preston, Chuck Evilsizer, and I, James U. Troup, on behalf of Ronan Telephone Company (the “Telephone Company”) met with Commissioner Michael J. Copps and his Senior Legal Advisor, Jordan Goldstein. The representatives also met with staff members of the Common Carrier Bureau, including Jane E. Jackson, Associate Chief of the Common Carrier Bureau, Jack Zinman, Deputy Chief of the Competitive Pricing Division, Christopher Libertelli, and Jessica Rosenworcel.

The representatives for the Consumer Committee and the Telephone Company presented to the FCC their position that, from the perspective of rural consumers, there is no benefit derived from the MAG Order (CC Docket No. 00-256) and the Bill & Keep proposals (CC Docket No. 01-92). Rather, the MAG Order and the Bill & Keep proposals are detrimental and pose serious disadvantages and, therefore, they oppose them. The Consumer Committee advocated that a new policy direction is necessary so as to provide benefits to rural America and to truly promote universal service.

The Consumer Committee provided details of the significant opposition in the Ronan community to the MAG Order and the Bill & Keep proposals. The Consumer Committee sent out post cards to poll the community and of the post cards that were returned (over one-third), 100 percent of them opposed the MAG Order and the Bill & Keep proposals. There is also significant local government opposition to the proposed policies. Resolutions of Opposition were adopted unanimously by the following local government entities: Tribal Counsel of the Confederated Salish and Kootenai Tribes of the Flathead Nation; The City Council and Mayor of the City of Ronan; and, The Lake County Commission. Furthermore, the Montana Congressional delegation is in opposition as evident in letters submitted prior to the MAG Order from the following lawmakers, including Congressman Rehberg; Senator Burns; and, Senator Baucus.

The FCC's decision and proposals include the following: an **85%** increase in the residential SLC charge; a **53%** increase in the business SLC charge; a **52%** decrease in the aggregate carrier access charge (**4.6 to 2.2** cents); the creation of a huge new federal bureaucracy subsidy program called the Interstate Common Line Support ("ICLS"); and the Bill & Keep proposals in the Unified Intercarrier Compensation docket that seek to eliminate all carrier access charges.

The Consumer Committee and the Telephone Company described the major detrimental impacts in rural areas due to the FCC's decision and proposed policies. There will be severe impacts on the affordability of basic local telephone service. There will also be a decrease to rural company revenues from carrier access charges, and if Bill & Keep is imposed, there will be the complete elimination of **this** source of revenue, which is 60-70% of the total rural company revenues.

The goals of universal service in rural areas will be detrimentally affected, with the impact being especially severe in low-income areas. For example, the Flathead Indian Reservation, a struggling agricultural economy with many low and fixed income residents, as well as high unemployment levels, has a per capita income of only \$17,000. The SLC increases and potential rate increases from the access decreases are not affordable in the Ronan service area and many people may have to terminate their telephone service.

There will be a failure to support the rural **wireline** infrastructure, which is essential to the rural economy and continued universal service (affordable basic service). The FCC's actions will severely discourage any future investments in **existing** facilities, not only for upgrades, but even for basic maintenance.

The MAG Order creates a huge, new subsidy system ("ICLS") on top of the already existing, huge USF subsidy system. ICLS, which is derived from access charges below cost, is uneconomic, inefficient, and politically unpopular and unstable in the long run.

The decrease in access charges will be **below cost levels** and is not justified. For example, the average Montana rural cost per the FCC cost model is 8 cents per minute, while the MAG Order requires an average of **2.2** cents per minute, which is recognized, but not explained or justified in the MAG Order. Offering service below cost to other carriers (some of which are local competitors, such as competitive local exchange carriers and wireless providers) is economically inefficient, illogical, unreasonable, and contrary to the requirements **of** the Telecommunications **Act and** the U.S. Constitution.

The long distance carriers will see a windfall of \$900 million from the MAG Order and rural customers will see none of the benefits.

The access service rate decreases and/or the Bill & Keep elimination of 60-70% of revenues will result in substantial local phone service rate increases being sought at the

state level. Such local rate increases would be politically impossible for state commissions to approve. A Bill & Keep system would lead to a radical transformation of the telecommunications industry, inappropriately shifting huge costs from carriers and competitors to end-users, to the severe detriment of the preeminent state and federal policy goals of universal service, including affordable basic telephone rates. The Bill & Keep system would also eviscerate investment incentives for rural companies.

Also, in relation to the USF proceeding (CC Docket Nos. 96-45 and 98-170), it was noted that interexchange carriers may, in fact, be overcharging customers through the USF contribution charge.

As rural consumers who have studied telecommunications issues, the Consumer Committee sees absolutely no benefit to the MAG Order or the Bill & Keep proposals, but only serious disadvantage and detriment. The Consumer Committee and the Telephone Company urged the FCC to take a new policy direction as it is necessary to move in a positive direction that will provide benefits to rural America and truly promote universal service.

Attached hereto is a package of information provided at the meetings, which includes the following parts: Topic Outline; Resolutions; Public Opposition; and, Community Profile.

\* \* \* \* \*

# ATTACHMENT

RECEIVED

MAR - 8 2002

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**TOPIC OUTLINE**  
**RONAN TELEPHONE CONSUMER ADVISORY COMMITTEE**  
**March, 2002**

**RE: OPPOSITION TO FCC MAG ORDER and UNIFIED INTERCARRIER COMPENSATION ("Bill & Keep") NPRM**

o Severe impacts in rural America. A new policy direction is needed.

FCC Decisions:

- Subscriber Line Charge increase of 85%
- Carrier access charge decreases of 52% (4.6 cents to 2.2 cents)
- Creation of a huge new Federal subsidy program "Interstate Common Line Support" (ICLS)
- "Bill & Keep" proposals in "Unified Intercarrier Compensation Docket" which would eliminate all intercarrier compensation.

o Overwhelming community **Opposition**

- The Tribal Council of the Confederated Salish and Kootenai Tribes of the Flathead Nation
- The Lake County Commission
- The City Council and Mayor of the City of Ronan
- One Third of Community returned Post Cards in Opposition to MAG & "Bill & Keep"

o Entire Montana Congressional delegation and Others from both Parties supported a further **review of** the MAG proposals, among who include:

- **Senator Max Baucus**, (D) **MT**
- Senator Conrad **Burns**, (R) **MT**
- Congressman Dennis **Rehberg**, (R) **MT**
- Senator Tom Daschk, (D) **SD**
- Senator Chuck **Grassley**, (R) **IA**
- Senator Byron Dorgan, (D) **ND**
- Senator Craig Thomas, (R) **WY**
- Senator Blanche Lincoln (D) **AR**

**TOPIC OUTLINE**  
**RONAN TELEPHONE CONSUMER ADVISORY COMMITTEE**  
**March, 2002**

- Major Rural Impacts from FCC Policy:
  - Severe impacts on affordability of basic local telephone service.
  - Drastic decreases to rural company revenues.
  - Directly Contrary to Universal Service goal in rural areas:
    - Especially severe impact in low income areas and Indian Reservations
    - Economically depressed areas are hardest hit
    - Very low per capita incomes; high unemployment levels
  - Decreasing access charges below cost levels is not justified. Offering service below costs to other carriers (some of which are local competitors, such as CLECs and wireless) is economically inefficient, illogical, unreasonable, and contrary to the requirements of the Telecommunications Act and the Constitution.
  - FCC actions will fail to adequately support the rural **wireline** infrastructure with compensatory rates, which is essential to:
    - Maintenance and improvement of the infrastructure
    - New and advanced services
    - The rural economy
    - Affordable basic telephone service, universal service goals
  - MAG Order creates a huge new subsidy system on top of the huge existing USF subsidy system, contributing to its long term political **instability**.
  - Long distance carriers will see a windfall of **\$900** million from **MAG**. Rural consumers will see none of this benefit. And, **IXCs** may in fact be over-charging customers through the **USF** contribution charge.

**SUMMARY**

As rural consumers who have studied telecommunications issues, the Ronan Consumer Advisory Committee sees absolutely no **benefit** to the MAG order or the Bill & Keep proposals, but only serious disadvantages and detriment. A new policy direction is necessary to move in a positive direction, which **will** provide benefits to rural America and truly promote universal service.

RESOLUTION  
OF THE GOVERNING BODY OF THE  
CONFEDERATED SALISH AND KOOTENAI TRIBES  
OF THE FLATHEAD NATION

A RESOLUTION SUPPORTING **THE RONAN TELEPHONE CONSUMER ADVISORY COMMITTEE'S EFFORTS OPPOSING THE FEDERAL COMMUNICATIONS COMMISSION MAG ORDER AND FEDERAL COMMUNICATIONS COMMISSION BILL AND KEEP PROPOSAL**

**BE IT RESOLVED BY THE TRIBAL COUNCIL OF THE CONFEDERATED SALISH AND KOOTENAI TRIBES THAT**

WHEREAS, the Ronan Telephone Consumer Advisory Committee is a volunteer community organization dedicated to representing consumer interests on telecommunications issues in the Ronan and Flathead Indian Reservation area; and

WHEREAS, the Ronan Telephone Consumer Advisory Committee has advised the Confederated Salish and Kootenai Tribal Council of its efforts on behalf of consumers to protect affordable telephone service in the Ronan area, and the action and proposals of the Federal Communications Commission (FCC) which threaten affordable telephone service and the continued viability of the local telephone company; and

WHEREAS, the Ronan Telephone Company Consumer Advisory Committee sent letters informing the residents and businesses of the community regarding the FCC action which are increasing local telephone rates and received 981 reply post cards opposing the FCC action and supporting the Committee's efforts, which constitutes one-third of the Ronan/Pablo community; and

WHEREAS, the FCC adopted the "MAG Order" on November 8, 2001, which will drastically increase local telephone rates by increasing the "Subscriber Line Charge" on consumers' bills by 85% (from \$3.50 to \$6.50), and increasing the total charge for local service by 39%; and which also decreases the revenues the local company receives from other companies to complete calls in the local area, thereby adversely affecting the company's revenues and creating pressure for further rate increases (FCC Order No. 01-304); and

WHEREAS, the FCC has adopted a "Bill and **Keep**" proposal which proposes to completely eliminate traditional inter-carrier compensation mechanisms, which provides approximately two-thirds of the local company's revenues (FCC NPRM 01-132 in Docket 01-92); and

WHEREAS, revenue losses by the local telephone company and drastic local rate increases are directly contrary to State and federal policy directives which are intended to assure affordable and quality telephone service in rural areas, and the consumers on the Flathead Indian Reservation would be severely and adversely affected by such actions, many of whom are low-income or fixed-income households; and

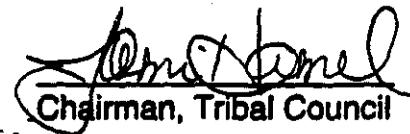
WHEREAS, the economy and consumers of the Flathead Indian Reservation should not and cannot sustain the financial impacts ordered and planned by the FCC actions; NOW, THEREFORE,

**BE IT RESOLVED** that the Confederated Salish and Kootenai Tribal Council does hereby express its full and unqualified support for the efforts of the Ronan Telephone Consumer Advisory Committee in opposing the efforts of the FCC, and in fighting the Federal efforts which would abandon rural Montana and drastically increase our local telephone rates, and the Tribal Council further expresses its strenuous opposition to the FCC "MAG Order" and its "Bill and Keep" proposal.

#### CERTIFICATION

The foregoing resolution was adopted by the Tribal Council on the 12th day of February, 2002, with a vote of 7 for; 0 opposed; and 0 not voting, pursuant to the authority vested in it by Article VI, Section 1 (a), (c) and (u) of the Tribes' Constitution and Bylaws; said Constitution adopted and approved under Section 16 of the Act of June 10, 1934 (48 Stat. 984), as amended.

ATTEST:  
  
Executive Secretary

  
Chairman, Tribal Council

RESOLUTION 02-07

**RESOLUTION IN SUPPORT OF THE RONAN TELEPHONE  
CONSUMER ADVISORY COMMITTEE'S EFFORTS OPPOSING  
FCC MAG ORDER AND FCC BILL AND KEEP PROPOSAL**

**WHEREAS**, The Ronan Telephone Consumer Advisory Committee is a volunteer community organization dedicated to representing consumer interests on telecommunications issues in the Ronan and Mission Valley area;

**WHEREAS**, The Ronan Telephone Consumer Advisory Committee has advised the Lake County Commission of its efforts on behalf of consumers to protect affordable telephone service in the Ronan area, and the actions and proposals of the Federal Communications Commission which threaten affordable telephone service and the continued viability of the local telephone company;

**WHEREAS**, the Ronan Telephone Company Consumer Advisory Committee sent letters informing the residents and businesses of the community regarding the FCC actions which are increasing local telephone rates, and received 981 reply post cards opposing the FCC action and supporting the Committee's efforts, which constitutes one-third of the entire community;

**WHEREAS**, the Federal Communications Commission (FCC) adopted the "MAG Order" on November 8, 2001, which will drastically increase local telephone rates by increasing the "Subscriber Line Charge" on consumers bills by 85% (from \$3.50 to \$6.50), and increasing the total charge for local service by 39%; and which also decreases the revenues the local company receives from other companies to complete calls in the local area, thereby adversely affecting the company's revenues and creating pressure for further rate increases (FCC Order No. 01-304);

**WHEREAS**, the FCC has adopted a "Bill and Keep" proposal which proposes to completely eliminate traditional inter-carrier compensation mechanisms, which provides approximately two-thirds of the local company's revenues (FCC NPRM 01-132 in Docket 01-92);

**WHEREAS**, revenue losses by the local telephone company and drastic local rate increases are directly contrary to state and federal policy directives which are intended to assure affordable and quality telephone service in rural areas, and the consumers in Lake County would be severely and adversely affected by such actions, many of whom are low-income or fixed income households; and,

**WHEREAS**, the economy and consumers of Lake County should not and cannot sustain the financial impacts ordered and planned by the FCC actions;

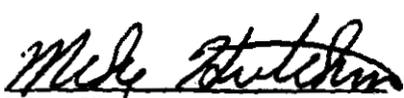
**BE IT RESOLVED BY THE BOARD OF LAKE COUNTY COMMISSIONERS:**

the Lake County Commission does hereby express its full and unqualified support for the efforts of the Ronan Telephone Consumer Advisory Committee in opposing the efforts of the FCC. and in fighting the Federal efforts which would abandon rural Montana and drastically increase our local telephone rates; and,

the Commission further expresses its strenuous opposition to the FCC "MAG Order" and its "Bill and Keep" proposal.

**PASSED AND ADOPTED** this 13th day of February, 2002.

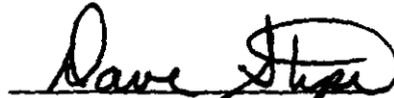
**BOARD OF LAKE COUNTY COMMISSIONERS**



Mike Hutchin, Chairman

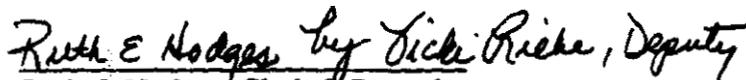


Paddy Trusler, Member



Dave Stipe, Member

**ATTEST:**

  
Ruth E. Hodges, Clerk & Recorder

1  
I  
I



Ronan, Montana 59864

Dear Montana Congressmen, Conrad Burns, Max Baucus, Dennis Rehberg:

The Ronan Telephone Company Consumer Advisory Committee is an independent group of seven telephone consumers in the Ronan community who work with Ronan Telephone management to represent the consumer interest in national, state and local telephone policy.

We write to inform the Federal Communications Commission (FCC) and Montana's Congressional Delegation that we fully support the efforts of this Committee to preserve affordable, high quality rural telephone service here in Ronan. We are concerned that the so called "MAG" order has already increased the telephone bills of every resident and business in Ronan as of January 1, 2002, and that larger federally imposed telephone cost increases may be forthcoming.

In November of last year, the committee informed all Ronan telephone subscribers about the rate increase and the committee's ongoing efforts in opposition at the FCC. In addition, it sent out a reply forms to all telephone subscribers here in an effort to galvanize public opposition to the federal policies. They have received almost 1,000 of these signed cards back from consumers here, approximately one-third of the total sent.

We are concerned that the FCC decision to raise the "Subscriber Line Charge" (SLC) for all rural consumers as of January 1 of this year provides nothing to these consumers in return. Residential subscribers and businesses with a single line have now seen this item increase from \$3.50 per month to \$5.00 per month (a 43% increase); for businesses and institutions using multiple lines (including the City of Ronan). the charge has increased from \$6.00 per month per line to \$9.20 per month per line (a 53% increase). In addition, the residential and single line business SLC may be further increased on July 1, 2002 to \$6.00, and may be further increased to \$6.50 on July 1, 2003, which would be an overall increase of 86%. These rate increases will not result in improved service and rural consumers have no assurance that their long distance costs will decrease as a result.

While we are very concerned by this rate increase, we are even more alarmed by the policy direction the FCC is taking, of which this is the likely the first step, which will require our local telephone company, to eliminate all fees charged to all connecting carriers. The ultimate impact of this policy could raise local telephone rates by as much as 700% locally in Ronan, which is absolutely unacceptable.



---

207 Main St. S.W., Suite A



(406) 676-4231

Ronan, Montana 59864

**The Ronan City Council unanimously supports the efforts of the RTC Consumer Advisory Committee in its efforts to oppose these federal policies.**

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Aipperspach". The signature is written in a cursive style with a long horizontal stroke extending to the right.

**Kim Aipperspach**

City of Ronan

