Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
	)	
Applications for Review of Orders Designating Eligible Telecommunications Carriers in the State of Alabama	)	

COMMENTS OF
THE NEBRASKA RURAL INDEPENDENT COMPANIES

The Nebraska Rural Independent Companies (the "Nebraska Companies"),[1] by their attorneys, respectfully submit their comments in the above-captioned proceeding. This proceeding seeks comment on applications for review of orders designating eligible telecommunications carriers ("ETCs") in the state of Alabama.[2] The Nebraska Companies appreciate the opportunity to comment on the public interest aspects of designating multiple wireless ETCs in rural carriers' study areas.

In its granting of ETC status to RCC Holdings ("RCC") and to Cellular South License, Inc. ("Cellular South"), the Wireline Competition Bureau ("WCB") asserts that the affected customers in Alabama will benefit from the designation of these carriers as ETCs. More importantly, the WCB wrongly concludes that ". . . consumers will not be

[1] Companies submitting these collective comments include: Arlington Telephone Company, The Blair Telephone Company, Cambridge Telephone Company, Clarks Telecommunications Co., Consolidated Telephone Company, Consolidated Telco, Inc., Eastern Nebraska Telephone Company, Great Plains Communications, Inc., Hartington Telecommunications Co., Inc., Hershey Cooperative Telephone Company, Inc., Hooper Telephone Company, K&M Telephone Company, Inc., NebCom, Inc., Nebraska Central Telephone Company, Northeast Nebraska Telephone Co., Pierce Telephone Co., Rock County Telephone Company, Stanton Telephone Co., Inc. and Three River Telco.

[2] *See Public Notice*, Pleading Cycle Established for Comments Regarding Applications for Review of Orders Designating Eligible Telecommunications Carriers in the State of Alabama, CC Docket No. 96-45, DA 03-45 (rel. Jan. 10, 2003).

harmed by the designation of RCC Holdings as an ETC in rural areas in Alabama."[3] The WCB acknowledges that Congress expressed a specific intent to preserve and advance universal service in rural areas as competition emerges.[4] The WCB further notes that the Federal Communications Commission ("Commission") has indicated that ". . . in establishing a public interest requirement for those areas served by rural telephone companies, Congress was concerned that consumers in rural areas continue to be adequately served should the incumbent carrier exercise its option to relinquish its ETC designation under section 214(e)(4)."[5] The WCB concludes that RCC and Cellular South demonstrate the commitment and ability to provide service to any requesting customer within the designated service area using their own facilities, and thus, consumers will be adequately served even if the incumbent carrier were to seek to relinquish its ETC designation. The Nebraska Companies believe that these findings are in error.

The WCB asserts that consumers will not be harmed if the incumbent carrier were to relinquish its ETC designation, as RCC and Cellular South will continue to provide adequate service to such consumers. However, this assertion assumes that wireline service and wireless service are perfect substitutes. This is certainly incorrect. In fact, Western Wireless, a wireless carrier, indicates in a recent filing that "[a] large number of

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[3] *See Federal-State Joint Board on Universal Service, RCC Holdings, Inc. Petition for Designation as an Eligible Telecommunications Carrier Throughout its Licensed Service Area in the State of Alabama*, CC Docket No. 96-45, DA 02-3181, Memorandum Opinion and Order (Wireline Comp. Bur. rel. Nov. 27, 2002) (*"RCC Designation Order"*) at para. 25. *See also Federal-State Joint Board on Universal Service, Cellular South License, Inc. Petition for Designation as an Eligible Telecommunications Carrier Throughout its Licensed Service Area in the State of Alabama*, CC Docket No. 96-45, DA 02-3317, Memorandum Opinion and Order (Wireline Comp. Bur. rel. Nov. 27, 2002) at para. 27 for a similar quote concerning Cellular South's designation as an ETC.

[4] *RCC Designation Order* at para. 25.

[5] Ibid.

consumers use both wireline and wireless. . . ." and that is because consumers use wireless service ". . . as a *complement* to wireline."[6] Both the WCB and Western Wireless have cited the benefits to consumers of wireless services such as expanded local calling areas and wireless calling plans that may reduce toll charges.[7] Wireline services, on the other hand, offer capabilities that are not generally available from wireless service providers, for example, broadband access to the Internet. Wireline services also offer unlimited usage local service for a flat fee, a pricing plan that is advantageous to high-volume users who would likely pay a greater amount for a large volume of local calls using a wireless service. Such pricing plans are advantageous to businesses, which typically experience large volumes of calling. In addition, many residential users may benefit from unlimited local service usage for a flat fee, especially residential users that access the internet through dial-up connections, because users can spend several hours per month accessing desired information using such means. Because the wireline service providers offer services and pricing plans that are not generally available through wireless carriers, *the loss of a wireline service provider in a given service area would harm consumers,* in that consumers would no longer have access to desired services and pricing plans.

In addition to incorrectly assessing whether consumers may be harmed by the loss of an incumbent wireline carrier, the WCB erroneously concludes that such a loss may not occur, as it states that ". . . nothing in the record indicates that any of the affected

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[6] *Facilitating the Provision of Spectrum-Based Services to Rural Areas and Promoting Opportunities for Rural Telephone Companies to Provide Spectrum-Based Services*, WT Docket No. 02-381, Comments of Western Wireless Corporation (filed Feb. 3, 2003) at p. 23.

[7] Ibid. *See also RCC Designation Order* at para. 24.

rural telephone companies have intentions of relinquishing their ETC designations."[8] The WCB assumes that rural telephone companies will continue to experience adequate cost recovery, in stating that ". . . RCC Holdings' receipt of high-cost support will not affect the per-line support amount that the incumbent carrier receives."[9] This statement also assumes that the current universal service support system will remain unchanged in the future. However, the WCB's action of designating multiple wireless ETCs within a single rural carrier's study area greatly diminishes the likelihood that the current universal service support system will remain unchanged, as this very action substantially increases the universal service funding requirement.

While the universal service funding requirement is being substantially increased by the designation of multiple wireless ETCs in rural areas, there is also significant pressure not to increase the burden on consumers in the form of increased assessments to fund universal service support programs. For example, in taking action with regard to funds that were collected but not disbursed for the schools and libraries support mechanism, Commissioner Michael J. Copps stated that "[t]his Order also benefits consumers by ensuring that they will not be asked to foot what could have been significantly increased universal service contribution levels at the exact same time that they will face increases to subscriber line charges on their bills."[10] Commissioner Copps notes that the Commission will be considering future methods for assessing contributions to universal service, and he indicates that "[i]f we waste this chance, consumers will

[8] *RCC Designation Order* at para. 25.

[9] Id. at para. 26.

[10] *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, First Report and Order (rel. June 13, 2002) at p. 27.

rightfully be angry when they face higher bills."[11] Nonetheless, regardless of the assessment mechanism chosen, if the funding requirement increases substantially, the burden on consumers will increase substantially as well.

The Commission may decide that it cannot provide universal service support in the same manner that it does today, and that it may need to significantly decrease support payments so as not to burden consumers. However, in so doing, the Commission would risk violating Section 254(b)(5) of the Telecommunications Act of 1996, which states that universal service support ". . . should be specific, predictable and sufficient." (emphasis added) Furthermore, if support is not sufficient, carriers such as rural wireline incumbents may be forced to exit the market, ultimately harming consumers.

The Nebraska Companies believe that the WCB should recognize that designating wireless ETCs in rural areas and threatening the viability of the wireline carrier is not in the public interest. Indeed, the loss of wireline service to rural consumers would limit availability of a broad range of services to such consumers. Therefore, the Nebraska Companies recommend that the WCB reverse its decision granting ETC status to RCC and Cellular South in Alabama, and reexamine its application of the public interest test, given the flaws in the WCB's application of the public interest test that have been demonstrated above. Furthermore, the WCB should take into account the detrimental impacts to consumers that may occur if wireline carriers exit a market when considering the public interest test in future requests for ETC designations from wireless carriers.

Dated: February 10, 2003.

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[11] Ibid.

Respectfully submitted,

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Hooper Telephone Company,
K&M Telephone Company, Inc.,
Nebcom, Inc.,
Nebraska Central Telephone Company,
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