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

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

NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION REPLY COMMENTS

NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

Scott Reiter
Sr. Telecom Specialist

Richard J. Schadelbauer
Economist

Daniel Mitchell
Jill Canfield

Its Attorneys

4121 Wilson Boulevard, 10th Floor
Arlington, VA 22203
(703) 351-2000

July 20, 2005

TABLE OF CONTENTS

PAGE

SUMMARY

Sufficient compensatory mechanisms, adequate accounting for differences between and among rural telephone companies, and ample time for small company transitions are essential for the NTCA membership and the rural consumers they serve. The initial comments filed by other parties fail to address all of the concerns of NTCA member companies. NTCA therefore urges the Federal Communications Commission (Commission or FCC) to embrace NTCA's Blueprint Principles for Inter-Carrier Compensation (ICC) Reform and adopt NTCA's proposed ICC rules for small carriers.

The Regulatory Flexibility Act (RFA) requires the Commission when considering new rules to consider less burdensome alternatives for small entities, take steps to minimize any significant economic impact on the small companies, and to describe what those steps are. The Commission must therefore thoroughly consider the unique differences between large wireless/landline/cable carriers as compared to small rural telephone companies. NTCA's Blueprint Principles and its proposed ICC rules below provide the Commission with a roadmap that will enable it to achieve its goal of reforming ICC while at the same time reducing the economic burden on small carriers and rural consumers.

NTCA's five principles for ICC reform include the following:

1. Adopt rules that include a different set of regulatory policies for rural telephone companies to ensure that their networks remain viable;

2. Adopt rules for rural ILECs that include some charge that provides for carriers to compensate each other for the use of one another's network;

3. Adopt rules that preserve and sustain universal service;

4. Adopt rules that preserve rural ILECs' option to operate under rate-of-return regulation; and

5. Adopt rules that encourage investment in a network infrastructure capable of delivering high quality broadband services in all areas of the nation.

Based on these principles and the requirements contained in the RFA, NTCA recommends that the Commission should reject all mandatory bill and keep proposals and adopt the following separate set of interconnection rules for small rural carriers which will minimize the significant adverse economic impact on rural consumers.

1. Allow small carriers to recover their traffic sensitive costs by charging interconnecting carriers on the basis of their usage.

2. Impose no new interconnection obligations on rural ILECs.

3. Recognize and confirm that rural ILECs have no interconnection obligations beyond their network boundaries.

4. Require competitors that choose to interconnect indirectly with rural ILEC networks through RBOC tandems or other forms of indirect interconnection to bear the cost of transport beyond the rural ILEC's service area. This includes any transport and third party transiting charges in either direction.

5. Require competitors that choose to interconnect at distant points of interconnection (POIs) located within a rural ILEC's network but beyond the rural ILEC's local calling area to bear the cost of transport beyond the ILEC's local calling area.

6. Require that all unlabeled traffic that arrives as access traffic on a rural ILEC network be billed to the carrier at the other end of the trunk group on which the traffic was transported to the rural ILEC.

7. Establish new equitable default termination rates in cases where a rural ILEC does not have an existing interconnection agreement with the carrier responsible for the traffic, but is able to identify the carrier originating the traffic.

8. Require that all RBOC/large carrier tandem transiting rates be cost based and tariffed to prevent abuse of market power.

9. Create a non-portable rural carrier cost mechanism known as the residual access cost recovery mechanism (RACRM). The RACRM would be based on embedded

cost and calculated by taking the rural ILEC's current intercarrier compensation revenue requirement (revenues recovered or recoverable from existing interstate and intrastate access and reciprocal compensation) and subtracting out revenues collected from a new unified rate, any subscriber line charges (SLC) increases, and local rate increases. The RACRM would be recovered from all providers of telecommunications, IP-enabled services and information services directly connected to the network.

10. Acknowledge that rural ILECs operate under rate-of-return regulation and structure cost recovery for these carriers accordingly.

11. Continue to allow RoR carriers to participate in the NECA pools.

12. Eliminate the intraMTA Rule.

13. Eliminate the ESP Exemption for ISPs.

14. Enforce toll rate averaging as required by Section 254(g) of the Act.

15. Continue to allow Centralized Equal Access (CEA) Providers to charge cost-based access charges to carriers that use their networks.

16. Refer issues related to intrastate access charges to a Federal-State Joint Board on Separations for the Board's consideration and recommendation.

17. Expand the base of USF contributors to include all cable, wireless and satellite providers of broadband Internet access and facilities-based and non-facilities-based VoIP and IP-enabled service providers.

18. Establish a revenue neutral transition period for rural ILECs and their subscribers to ensure that any new rules preserve universal service and encourage investment in network infrastructure capable of delivering high quality broadband services in all areas of the Nation.

Transitioning to a new ICC regime and establishing a separate set of ICC rules for small carriers will enable the Commission to achieve its goal of reforming the myriad of existing ICC regimes, enhance competition, and ensure that consumers living in rural, insular and high-cost areas continue to have access to affordable telecommunications and advanced services well into the 21st century. NTCA urges the Commission to adopt its proposed principles and rules.

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

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

COMMENTS
OF THE
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

The National Telecommunications Cooperative Association (NTCA)[1] submits these reply comments in response to the initial comments filed on May 23, 2005, as part of the Federal Communications Commission's (Commission or FCC) Further Notice of Proposed Rule Making (FNPRM) in the above-referenced docket.[2] Silence on any positions raised by parties in this proceeding connotes neither agreement nor disagreement with their positions or proposals.

I. INTRODUCTION

Many parties indicate in their initial comments that a comprehensive approach is needed as new rules could create new opportunities for regulatory arbitrage and new distortions in the marketplace unless the Commission anticipates these possibilities. NTCA agrees. It is critical, however, that the Commission proceed cautiously to avoid

[1] NTCA is the premier industry association representing rural telecommunications providers. Established in 1954 by eight rural telephone companies, today NTCA represents more than 560 rural rate-of-return regulated telecommunications providers. All of NTCA's members are full service incumbent local exchange carriers (ILECs) and many of its members provide wireless, cable, Internet, satellite and long distance services to their communities. Each member is a "rural telephone company" as defined in the Communications Act of 1934, as amended (Act). NTCA's members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities.
[2] Developing a Unified Intercarrier Compensation Regime, *Further Notice of Proposed Rulemaking*, CC Docket No. 01-92 (rel. March 3, 2005) (FNPRM).

favoring any technology or new competitors at the expense of incumbents, or large carriers at the expense of small or rural providers. It is equally critical that the Commission take steps to minimize the significant economic impact that certain ICC proposals would have on small carriers and thoroughly consider separate rules for small entities as required by the Regulatory Flexibility Act (RFA).[3] NTCA therefore submits the following reply comments to assist the Commission in its efforts to comply with the RFA and ensure that rural consumers will not be harmed as a result of ICC reform.

II. MANDATORY BILL AND KEEP IS NOT THE ANSWER

The industry is predictably split on whether the Commission should adopt mandatory bill and keep as the means of comprehensive inter-carrier compensation (ICC) reform. Groups opposed to mandatory bill and keep include consumer advocates, state regulatory commissions, small businesses, rural ILECs, CLECs, mid-size ILECs, some large ILECs, and several industry consultants. Groups in favor of mandatory bill and keep include some national and regional wireless, landline, cable, long-distance and VoIP providers. What is clear from this division is that a small group of large carriers with significant market power supports mandatory bill and keep and virtually everyone else opposes it.

The vast majority oppose bill and keep. They include NTCA, the Rural Alliance, Small Business Administration, RICA, CBICC, NASUCA, NARUC, USTA, Bell South, Verizon, California Small LECs, CenturyTel, CCG Consulting, Coalition for Capacity Based Access Charges, Colorado Telephone Association, Oregon Telephone Association, Washington Independent Telephone Association, Minnesota Independent Coalition,

[3] *See* 5 U.S.C. §§ 601-612.

Eastern Rural Telecom Association, GVNW Consulting, ICOR, Independent Georgia Telephone Companies, Great Lakes Comnet, Allied National Paging, Interstate Telecom Consulting, Iowa Network Services, North Dakota Association of Telecom Cooperatives, Iowa Telecommunications Association, Montana Independent Telephone Systems, ParieWave Telecommunications, South Dakota Public Utilities Commission, South Dakota Telecommunications Association, South Slope Telecommunications Cooperative, TCA, Inc., New York Department of Public Service, JSI Consulting, KMC Telecom, PacWest, , Comporium, Wyoming Independent Telephone Companies, XO Communications, and Xspedius Communications.[4]

Conversely, a small minority support mandatory bill and keep or a modified form of bill and keep. They include SBC, Qwest, CTIA, ICF, National Cable Telecommunications Association, Time Warner Inc., Time Warner Telecom, Cox Communications, Dobson Cellular, T-Mobile, CGI, RCA, Leap Wireless, Nextel Communications, US Cellular, Verisign, Nextel partners, Level 3, and Sprint.

A pure bill and keep arrangement is inappropriate for rate of return (ROR) carriers for a variety of legal and policy reasons. At the outset, a bill and keep regime does not permit proper allocation of admittedly vastly variable ROR carrier joint and common costs attributable to the access and termination services offered by these companies. Section 254(k) of the Telecommunications Act of 1996 ("Act") requires that the Commission establish necessary cost allocation rules and guidelines to ensure that universal service support does not subsidize services subject to competition.[5] The

[4] While all of these parties oppose mandatory bill and keep some support optional bilaterally negotiated carrier-to-carrier bill and keep agreements.
[5] 47 U.S.C. § 254(k).

exchange access, transport and termination services offered by carriers to each other are subject to competition and may not be subsidized *de facto* as a result of rules that do not permit recovery of joint and common costs from the carriers that cause these costs by utilizing others' network functionalities.

The record further demonstrates that a mandatory "bill and keep" regime for reciprocal compensation, intrastate and interstate access charges would prohibit rural carriers from allocating and recovering the costs associated with the transport and termination of competing carrier originated calls. Mandatory bill and keep would shift all of a competing carrier's access charge costs onto rural ILEC customers and thereby threaten the ability of many rural ILECs to maintain the critical communications infrastructure necessary for basic and advanced communications in their rural communities.

The National Exchange Carrier Association (NECA) has demonstrated that adopting bill and keep would raise end-user rates and USF requirements by a total of $2.3 billion per year.[6] NTCA has also demonstrated that mandatory bill and keep will result in an average monthly increase of $22 for rural consumers served by rural ILECs.[7] This data further shows that this adverse impact on the small companies varies depending on the size of the small company where some small companies would have a monthly increase of over $50 per month.[8]

Moreover, these adverse impacts go beyond the effects on interstate revenues and consumer increases in the subscriber line charge (SLC). The impact on state rates and the

[6] NECA Comments, Summary p. 1.
[7] NTCA Initial Comments, p. 20-24.
[8] *Id.*

separations issues raised by the likely need to reallocate costs between the federal and state jurisdictions requires involvement in the decision making by a Section 410(c) Joint Board on Separations. Coordination with the states should occur. For rural ILECs alone, NTCA estimates that the total annual impact of imposing bill and keep would be approximately $1.139 billion at the intrastate level and $884 million at the interstate level.[9] Local rates would be impacted significantly.

The elimination of all access charges and reciprocal compensation while retaining obligations for LECs to interconnect with and originate and terminate traffic for other telecom providers amounts to taking property without compensation.[10] It is nothing more than granting non-owners of LEC facilities free use of those facilities. This is not an example of a competitive market, but a regulated market. Companies who own assets demand compensation for the use of those assets.

The Act does not permit the Commission to impose mandatory bill and keep to all forms of interconnection. Only in the context of a reciprocal compensation arrangement, does the Act permit the Commission to allow bill and keep when the parties "waive mutual recovery."[11] The record, however, clearly demonstrates that rural ILECs do not waive their right to recover costs imposed on their networks by competing carriers and to recover these costs from their competitors.

Failure to permit rural carriers the ability to collect access charges from competing carriers and applications providers who utilize rural ILEC networks will likely

---

[9] Attachment to NTCA *Ex Parte* Letter to Marlene H. Dortch, January 6, 2004, *In the Matter of Developing a Unified Intercarrier Compensation Regime,* CC Docket No. 01-92 (NTCA January 6, 2004, *Ex Parte)* at Slide 61.
[10] *Smith V. Illinois Bell Telephone Company*, 282 U.S. 133, 51 S.Ct. 65 (1930).
[11] 47 U.S.C. §252(d)(2)(B)(i).

lead to either the recovery of these costs from alternative sources, reduced recovery, or no recovery at all. This result would inappropriately subsidize the services of competitors, mainly national and regional wireless, cable, IXCs and VoIP providers that would use rural ILEC networks at the expense of rural consumers. Mandatory bill and keep would therefore threaten the ability of consumers living in rural, insular and high-cost areas to continue to have affordable access to the rural ILEC critical infrastructure which enables competing carriers and Internet protocol (IP) application providers the ability to offer their services in rural areas. The Commission's goal of maintaining universal service and the President's goal of providing affordable broadband services for all Americans by the year 2007 will not be realized in rural America if mandatory bill and keep is adopted.

III. THE FCC SHOULD ALLOW SMALL CARIRERS TO RECOVER THEIR TRAFFIC SENSITIVE COSTS BY CHARGING INTERCONNECTING CARRIERS ON THE BASIS OF THEIR USAGE

Parties claiming that switching costs are not traffic sensitive offered little substantive evidence to support their position. CTIA, for example, cites little more than the suggestion in the FNPRM that "usage does not appear to be a significant determinate of costs, given current communications technology."[12] Similarly, Nextel[13] and T-Mobile USA[14] base their argument mainly upon the unsubstantiated language in the FNPRM.[15]

In its initial comments, NTCA submitted undeniable proof that circuit switches are traffic sensitive, as costs increase with the number of customers on the network,

---

[12] CTIA comments, p. 15-16.
[13] Nextel comments, p. 13.
[14] T-Mobile USA comments, p. 15.
[15] Western Wireless cites decisions made by some state commissions as proof that switching costs are not traffic sensitive. Western Wireless Comments, p. 9-10. The Rural Alliance, however, points out other state commissions have ruled to the contrary. Rural Alliance Comments, p. 51.

changes in customers' use of the network, and other factors.[16] Larry Thompson and John De Witte of Vantage Point Solutions wrote a technical white paper for NTCA that clearly demonstrates this very important point.[17]

Numerous commenting parties submitted additional evidence that supports NTCA's white paper.[18] Bell South quantified the degree of traffic sensitivity, estimating that "at least two-thirds of the investment of a typical switch is usage-sensitive."[19] They, along with the Rural Alliance, also agree with Thompson and De Witte[20] that "[o]nly the line termination ports would be considered non-traffic sensitive."[21] Cincinnati Bell further details the traffic sensitivity of switching costs:

> CBT does not engineer its switching matrix to allow simultaneous connection of all lines. The switching matrix is sized to accommodate expected traffic volumes. Should call durations or the number of customers calling at the same time increase, additional switching matrix would be necessary to prevent significant blocking. The size of the switching matrix is not a function of the number of customers, but of the number of minutes of use.[22]

And Pac-West Telecom correctly points out, "[w]hile the total cost of a switch is sensitive to the total number of subscriber line 'ports' terminating thereon, the per-port cost is itself sensitive to the average usage per port and to the 'concentration ratio' of ports to conversion paths."[23]

---

[16] NTCA initial comments, p. 36-41.
[17] Larry Thompson and John De Witte, "Traffic Sensitivity of Telephone Switching Equipment," May 2005. Submitted as an Appendix to NTCA's initial comments in this proceeding.
[18] *See,* for example, comments of BellSouth at 22-26, CenturyTel at 22-24, Cincinnati Bell at 11, Coalition for Capacity-Based Access Pricing at 16-17, GVNW at 38-40, KMC Telecom *et al* at 30-31, ICore Inc. at 7-8, PacWest Telecom at 16-19, and Rural Alliance at 50-54.
[19] Bell South comments at 24.
[20] NTCA White Paper Attachment to Initial Comments, Thompson and De Witte, p. 11.
[21] Bell South comments, p. 24. *See* also Rural Alliance comments, p. 53.
[22] Cincinnati Bell comments, p. 11.
[23] Pac-West Telecom comments at fn 30.

NTCA also showed that transport costs are traffic sensitive.[24] GVNW concurs, as "the number of trunks increases as the volume of peak load traffic increases."[25] And as the Rural Alliance correctly notes, "[w]ith the exception of terminal equipment, all costs to install switched transport are incurred on a per-mile basis; therefore, the more miles of switched transport, the greater the cost."[26]

It has been suggested that switching is not traffic sensitive because switch vendors price their product on a per-line basis.[27] GVNW, however, demonstrates that this assertion is incorrect, because "[t]his is merely a vendor pricing tool, with some level of assumed usage related to each line ordered."[28] The Rural Alliance reiterates this point, noting that "switching prices include an implicit assumption of usage per line; thus lines are simply a proxy for usage."[29]

NTCA previously established that packet switching is more, rather than less, traffic sensitive than circuit switching.[30] NASUCA concurs, stating that "empirical evidence shows that network costs are actually becoming more traffic-sensitive as packet-switching becomes more prevalent."[31] The Rural Alliance further identifies that "[r]outers are sized based on offered load, and thus Internet-protocol switching is still based on capacity, specifically the ability to process the offered load."[32] And USTA correctly notes that "contrary to the Commission's assertions, switching costs appear to be more variable with some softswitch deployments than with prior generations of

[24] NTCA comments, p. 39.
[25] GVNW comments, p. 39.
[26] Rural Alliance comments, p. 55.
[27] FNPRM at fn 234.
[28] GVNW Consulting comments, p. 38.
[29] Rural Alliance comments, p. 51.
[30] NTCA comments, p. 38.
[31] NASUCA comments, p. 3.
[32] Rural Alliance comments, p. 52.

switching technologies due to the high degree of modularity in the softswitches' units of capacity."[33] Clearly, the transport and switching portion of the wireline communications network are traffic sensitive.

It is critically important that small carriers be able to recover their costs in usage rates charged to other carriers. Small carriers have a considerably smaller customer base over which to spread end user charges. Except for those rare circumstances where a carrier's per-minute usage cost exactly matches the flat fee paid, every carrier is either underpaying or overpaying for services received. As a result arbitrage and inefficiency would be virtually assured. The Commission therefore should continue to allow small carriers to recover their traffic sensitive costs by charging interconnecting carriers on the basis of their usage.

IV. COMPETITORS THAT CHOOSE TO INTERCONNECT INDIRECTLY WITH RURAL ILEC NETWORKS ARE REQUIRED TO BEAR THE COST OF TRANSPORT BEYOND THE RURAL ILEC'S SERVICE AREA AND BEYOND THE RURAL ILEC'S LOCAL CALLING AREA

As was expected, interconnection issues are among the most contentious issues in the intercarrier compensation docket. Wireless carriers argue that they should be permitted to design the network most efficient for them, to the detriment of the small ILECs and the customers of the small LECs.[34] They present a distorted view of the law and FCC rules and try to paint rural LECs as self-interested obstructionists. In reality, nothing in the law or the rules requires rural LECs to transport local calls to a point that may be hundreds of miles away from the LECs' service areas and on another carrier's network. As a matter of policy, rural LECs should not have an obligation to route calls to

[33] USTA comments, p. 24.
[34] CTIA Comments, p. 21-29, Dobson Cellular Comments, p. 3-7, and Sprint Comments, P. 17-19.

other carriers via an out of service area or calling area point of interconnection (POI). If the Commission determines that they must, rural LECs should not be required to bear the extraordinary cost associated with an out of service area POI.[35]

Rural ILECs should also not be required to pay for the cost to transport a competitor's traffic to a distant POI located within its own network but beyond the rural ILEC's local calling area. Rural ILECs are not required by the Act to provide interconnection arrangements or interconnection services to CLECs,[36] CMRS[37] providers, and RBOCs[38] that are greater than the quality of those services the ILEC provisions for itself. The Act only requires ILECs to provide interconnection services and arrangements "at least equal in quality to those provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection."[39]

The network interconnection rules proposed by the ICF and other parties in this proceeding would require rural ILECs to provide competitors with superior and more costly interconnection arrangements than what a rural ILEC provides itself through its existing interconnection and service arrangements. These proposals would require some

---

[35] Traffic between a LEC and IXC that originates and terminates with the same MTA is currently subject to toll access charges. *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No 96-98, *Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers*, CC Docket No. 95-185, *First Report and Order* FCC 96-325, 11 FCC RCD 15499, ¶ 1043 (1996). In the *Mountain Order*, the Commission indicated that LEC-originated calls to CMRS carriers within the same MTA could also be a toll call. *Mountain Communications, Inc. v. Qwest Communications International, Inc,* , *Memorandum Opinion and Order*, DA 02-250 (released February 4, 2002), n. 11. (*Mountain Order*). A landline-originated call that was rated as a toll call and subject to access charges prior to the Act and the Commission's orders continues to be treated as a toll call subject to access charges under the Act.
[36] Competitive Local Exchange Carriers (CLECs).
[37] Commercial Mobile Radio Service (CMRS).
[38] Regional Bell Holding Companies (RBOCs).
[39] 47 U.S.C. § 251(c)(2)(C).

rural ILECs to provide extraordinary and costly transport to distant locations for local calls and would represent an enhanced interconnection arrangement for competitors at the expense of rural ILECs. Such superior interconnection arrangements have been found by the U.S. Court of Appeals for the 8th Circuit as not required by ILECs under the Act.[40]

For rural ILECs, intra-company transport compensation can represent a substantial portion of total network costs. A competitor's call that involves transport to distant locations beyond the rural ILEC's local calling area is currently offered and provisioned by IXCs as interexchange toll calls. The Act does not require ILECs to offer a new form of superior exchange service to competing carriers simply because a competitor has unilaterally chosen to interconnect with another carrier at a distant location and has decided not to interconnect directly within a rural ILEC's local calling area where the competitor's calls are completed.[41]

The Act also does not require a rural ILEC to be forced to incur costs to transport traffic to distant locations based on the sole desire of a competitor. A rural ILEC's obligation to direct CMRS traffic to distant POIs and to include this traffic in the rural ILEC's local calling service offering should depend on whether the requesting CMRS carrier or other competing carrier is willing to pay for the additional cost of such

---

[40] *Iowa Utilities Board v. Federal Communications Commission*, 219 F.3d 744 (8th Cir. 2000). The U.S. Court of Appeals for the 8th Circuit found referring to 47 U.S.C. § 251(c)(2)(C), "Nothing in the statute requires the ILECs to provide superior quality of interconnection to its competitors."

[41] NTCA's position is consistent with existing extended area service (EAS) agreements. The agreements are largely under the purview of state Commissions and they are accommodations that are designed to allow local calling between exchanges that share a community of interests. Under these agreements, rural ILECs currently do not pay any transiting charges if a rural ILEC customer originated call terminates with a RBOC customer. Also under these same existing EAS agreements, if a rural ILEC customer originated call terminates with a CLEC or CMRS customer, the CLEC or CMRS customer pays the transiting costs for that call originated by a rural ILEC customer. These agreements have been in place for years and have provided benefits to both rural and urban consumers with the expansion of their local calling areas. The agreements are direct interconnection agreements between rural ILECs and large local exchange carriers. NTCA believes that the Commission should not disturb these intrastate arrangements.

transport. The Commission should therefore require as part of any new rules the requirement that requesting carriers are responsible for incurring the cost to distant POIs located within a rural ILEC's network but beyond the rural ILEC's local calling area.[42]

Wireless carriers request incorrectly that the Commission "reaffirm" that rural LECs must permit other carriers to interconnect indirectly.[43] They point to the Section 251(c)(2) requirements that incumbents provide competitors interconnection at any technically feasible point.[44] Conveniently, the reference omits the part of the sentence that reads "*within the carrier's network.*"

The single POI concept was developed for RBOC territories that are associated with LATAs.[45] The rules and cases to which the wireless carriers cite apply only to RBOCs. There is no FCC rule or policy that forces rural LECs to interconnect with competitors at a point outside of the rural LECs' networks. RBOCs are not required to establish a POI outside of their network, yet as the wireless carriers and CLECs would have it, it would be required of rural LECs.

If the Commission does now determine that rural LECs are obligated to accept indirect interconnection, they should not force rural LECs to also incur the costs associated with another carrier's choice of network architecture. Wireless carriers argue that multiple interconnection "robs" them of the efficiencies of their technology.[46]

---

[42] NTCA's proposed interconnection rules requiring that connecting carriers pay for: (1) transport costs beyond a rural ILEC's network boundaries; and (2) transport cost within a rural ILEC's network boundaries but beyond its local calling area are intended to also address the Virtual NXX rating and routing issue raised in the Sprint Rating and Routing Petition. Sprint Petition for Declaratory Ruling, CC Docket No. 01-92, (May 9, 2002), Public Notice, *Comment Sought on Sprint Petition for Declaratory Ruling Regarding the Rating and Routing of Traffic by ILECs,* CC Docket No. 01-92, DA 02-1740 (July 18, 2002).
[43] *See, e.g.,* Comments of Sprint, p. 18 and Leap Wireless, p. 12
[44] *See,* Comments of KMC Telecom, Inc and Xspedius Communications , LLC.
[45] For in-depth discussion, *See,* Comments of Rural Alliance.
[46] *See,* Dobson Comment, p. 4.

However, routing traffic to an out of service area POI places significant financial burdens on rural LECs.[47] There are real costs associated with the transport of traffic. In many rural areas, a call will travel hundreds of miles before it reaches its indirect point of interconnect. Large national wireless carriers argue that it is efficient to interconnect indirectly, yet seek to avoid all costs associated with that interconnection. Instead they seek to increase their "efficient" network design by imposing their costs on small, rural LECs.

Moreover, the option of indirect interconnection at the expense of rural ILECs is not competitively neutral. There is incentive for competitors to design service offerings in a way that maximizes the cost to rural LECs. There is a distinct competitive advantage to be had by forcing increased costs on another carrier. If a carrier designs its network to utilize indirect interconnections the carrier that designed the service must be responsible for the costs associated with it.

Forcing competing carriers to pay to transport traffic outside of the rural ILEC's network boundaries or local calling area would not, as the NPRM suggests, require new entrants to replicate the existing ILEC network.[48] A competing carrier can choose to negotiate a direct interconnection with the rural ILEC and obtain a point of interconnection, or a CMRS carrier can choose to have a single POI per MTA[49] or per LATA[50] and connect indirectly,[51] or a CMRS can contract with a carrier with a physical

[47] Large national wireless carriers seek to interconnect indirectly to avoid the costs associated with direct interconnection, yet have no qualms about imposing the costs associated with their choice of indirect interconnection on small, rural LECs.
[48] FNPRM, ¶ 94.
[49] Metropolitan Trading Area (MTA).
[50] Local Access Transport Area (LATA).
[51] FNPRM, ¶ 89.

connection to the rural ILEC, or build their own facilities. It is the CMRS carrier's decision. The costs associated with the transport of traffic would be but one factor in the competitor's decision making process and the resulting costs should be borne by the competitor.

V. THE COMMISION SHOULD ELIMINATE THE INTRA-MTA RULE: A WIRELESS CARRIER'S UNILATERAL RATING AND ROUTING OF TRAFFIC DOES NOT OBLIGATE A RURAL ILEC TO HONOR SUCH DESIGNATIONS FOR PURPOSES OF DESIGNATING A WIRELESS CALL LOCAL OR TOLL FOR BILLING PURPOSES

Closely tied to the interconnection debate is the rating and routing of traffic. Wireless carriers typically obtain numbering resources associated with an ILEC's service territory, but do not interconnect directly with the ILEC. Therefore a "local" call to the wireless subscriber may actually travel hundreds of miles and through an IXC before it is completed. Wireless carriers argue that having telephone numbers with separate rating and routing points often is the most efficient system architecture,[52] but ignore the fact that there are actual costs associated with the architecture. Wireless carriers ask the FCC to "reaffirm" that rural LECs must rate the calls as local.[53] The Commission should reject this request.

There is nothing in the Act or the FCC rules to reaffirm. The Commission should instead clarify that a carrier's unilateral rating and routing designation for its numbering resources do not obligate a rural LEC to honor such designations. The Commission should eliminate the intra-MTA rule and adopt NTCA's proposed interconnection rules requiring that connecting carriers pay for: (1) transport costs beyond a rural ILEC's

[52] CTIA comments, p. 29.
[53] Sprint Comments, p. 18-19.

network boundaries; and (2) transport costs within a rural ILEC's network boundaries but beyond its local calling area which address this virtual NXX rating and routing issue originally raised in the Sprint Rating and Routing Petition.[54] If a rural LEC must transport a "local call" to and from the actual local calling area, there must be a recognition that the call is, in fact, not local. At the very least the Commission should clarify that the financial obligation for routing calls is not the rural LECs' obligation, but rather the CMRS/competitor's obligation.

VI. RESIDUAL ACCESS COST RECOVERY IS NOT USF SUPPORT

Several parties recommend as part of ICC reform that the Commission establish a universal service fund (USF) mechanism to recover access costs that are not recovered through new interstate and intrastate access and reciprocal compensation charges, any subscriber line charges (SLC) increases, and any local end-user rate increases.[55] The ICF in particular proposes that in lieu of revenue from intercarrier compensation, the ICF plan would create two universal service mechanisms to provide explicit support for intercarrier compensation amounts otherwise not recoverable under the plan's rate restructuring rules.[56] One mechanism, known as the Intercarrier Compensation Recovery Mechanism (ICRM), would provide support to BOCs and other Non-Covered Rural

[54] Sprint Petition for Declaratory Ruling, CC Docket No. 01-92, (May 9, 2002), Public Notice, *Comment Sought on Sprint Petition for Declaratory Ruling Regarding the Rating and Routing of Traffic by ILECs,* CC Docket No. 01-92, DA 02-1740 (July 18, 2002).
[55] *See* the Comments of ICF, Comporium, Corr Wireless, GCI, Mpower Communications, NCTA, T-Mobile, Texas Public Counsel, Consumers Union and CFA.
[56] ICF Comments, p. 32.

Telephone Company (CRTC) LECs.[57] The other mechanism, known as the Transitional Network Recovery Mechanism (TNRM), would apply to areas served by CRTCs.[58]

The ICF explains that the primary difference between the two funding mechanisms is their portability/non-portability to competitive eligible telecommunications carriers (CETCs). Under the ICF plan, ICRM support would be portable on a per-eligible line basis to all CETCs, regardless of whether or not the CETC can collect access charges under a tariff.[59] Conversely, the funding from the TNRM would only be available to CETCs that would lose access charge revenues under the ICF plan and would collect access charges under a tariff.[60] The ICF explains that because wireless CETCs may not tariff switched access charges, thus the TNRM funding would only be available to wireline CETCs on a per-eligible line basis.[61]

NTCA disagrees with the premise that access costs not recovered through intercarrier compensation (i.e., reciprocal compensation charges, intrastate and interstate access charges), increased end-user local rates, and increased SLCs should be classified as universal service support. Unlike universal service which is intended to provide consumers with affordable basic local service, access charges are used to compensate rural carriers for the legitimate costs associated with making their networks available for use by competing carriers.[62] Providing competitors access to an ILEC's network is not the same as providing consumers with the nine listed services in the definition of

[57] *Id*.
[58] *Id*.
[59] *Id*.
[60] ICF Comments, p. 32.
[61] ICF Comments, p. 32-33.
[62] *See*, 47 U.S.C. §§ 151and 254, and 47 CFR § 54.101.

universal service.[63] Any residual access costs not recovered through intercarrier compensation, increases end-user rates and SLCs are lawful access costs recoverable from carriers who use and benefit from access to LEC networks, not universal service support.

The Commission's authority to establish the appropriate recovery mechanisms for costs associated with ILECs making their networks available for use by competing carriers is derived from Section 201 of the Act. Section 201(a) specifically states:

> It shall be the duty of every common carrier engaged in interstate or foreign communication by wire or radio to furnish such communication service upon reasonable request therefore; and in accordance with the orders of the Commission, in cases where the Commission, after an opportunity for hearing, finds such action necessary or desirable in the public interest, to establish physical connections with other carriers, to establish through routes and charges applicable thereto and the divisions of such charges, and to establish and provide facilities and regulations for operating such through routes.

Section 201(a) grants the FCC explicit authority to establish charges and the division of such charges so that competing carriers can establish physical connections to complete calls. Section 201(b) further states that the Commission may prescribe rules and regulations as necessary to serve the public interest to carry out the provisions of the Act. Rural ILEC intrastate and interstate access charges are based on each ROR carrier's cost of providing interexchange carriers (IXCs), wireless carriers, and voice over Internet Protocol (VoIP) providers access to rural ILEC networks. A residual access cost recovery mechanism (RACRM) created as a result of this proceeding would be designated to recover a part of the revenue requirement attributable to a ROR carrier's

[63] The nine supported services listed in the definition of universal service can be found at 47 C.F.R. §54.101.

cost. A new non-portable RACRM falls squarely within the Commission's Section 201 authority to establish charges, rules and regulations for the recovery of costs associated with the provision of network access to other carriers.

Establishing a non-portable RACRM would also be in the public interest. Many CETCs currently requesting rural high-cost universal service support, including wireless CETCs, are not required to follow Commission accounting rules and are not subject to price regulation, service quality standards, carrier of last resort (COLR) obligations, and would not be required to reduce access charges as a result of this proceeding. Wireless CETCs in particular are not required to account for their costs and do not collect access charges, and will face no regulatory mandates as a result of this proceeding to reduce their rates to consumers. Mandatory rural ILEC access and reciprocal compensation rate reductions would reduce the per-minute rates that wireless CETCs pay to rural ILECs to connect to their networks, but without mandatory wireless CETC rate reductions passed through to consumers. If the RACRM were considered USF support and made portable to competing carriers, wireless CETCs would receive an unwarranted windfall and the size of the high-cost universal service fund would unjustifiably increase as a result of making a RACRM portable to CETC which are not required to reduce their rates.[64]

Section 201(a) and (b) allow the Commission to make RACRM funds only available to carriers that are required to reduce their access charges, and are unable to

[64] The Commission's existing universal service portability rules are currently under review by the Federal-State Joint Board on Universal Service (Joint Board). *In the Matter of the Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, FCC 04-125. As part of this review, the Joint Board is considering the elimination of the "identical support rule" which allows every unregulated wireless CETCs the ability to receive the same per-line support of a rural ILEC based on the rural ILEC's costs, and not the wireless CETC's costs. 47 CFR §54.307.

recover their cost of providing access to other carriers through increases in intercarrier compensation, end-user local rates, and SLCs. RACRM funds should not be portable to any CETC that does not collect access charges under a tariff and/or is not required to reduce its access rates/equivalent access rates to other carriers as result of the Commission's ICC reform. It is the regulated ROR carrier's cost information and its operation in a scrutinized regulatory environment that provides the FCC and the Universal Service Administrative Company (USAC) with the means to verify their cost to provide service. The same is not true for wireless CETCs that do not account for their costs, do not file access charges and provide no verifiable cost information or data to the FCC or USAC.

VII. THE FCC SHOULD ELIMINATE THE ESP EXEMPTION FOR ISPs

In its initial comments, NASUCA recommends that the Commission eliminate the enhanced service provider (ESP) exemption[65] for all Internet Service Provider (ISP) calls that originate, transit, or terminate on the public switched telecommunications network (PSTN) and require ISPs to pay ICC rates, regardless of whether the call originates or terminates through an ISP.[66] Similarly the EPG plan recommends that ISPs should be prohibited from terminating traffic on the PSTN over flat rate business lines and that ICC rates should apply to these calls.[67] NASUCA further states that ESP/ISP exemption

[65] This policy is known as the "ESP exemption." *See MTS/WATS Market Structure Order*, 97 FCC 2d at 715 (ESPs have been paying local business service rates for their interstate access and would experience rate shock that could affect their viability if full access charges were instead applied); *see also* Amendments of Part 69 of the Commission's Rules Relating to Enhanced Service Providers, CC Docket 87-215, Order, 3 FCC Rcd 2631, 2633 (1988) (*ESP Exemption Order*).
[66] NASUCA Comments, p. 10.
[67] EPG Plan, p. 19.

should apply for communications that do not involve the PSTN.[68] And the EPG plan further states that ISPs should be allowed to continue to use flat rate business lines to receive calls from their customers.[69] NTCA agrees that the Commission should reconsider the ESP exemption and how it applies to ISPs. NTCA specifically recommends that the Commission remove the ESP exemption for ISPs and require ISPs to pay access charges and USF contributions.

Since 1983, the Commission has exempted ESPs from the payment of certain interstate access charges. Consequently ESPs, including ISPs, are treated as end-users for the purpose of applying access charges and are, therefore, entitled to pay local business rates for their connections to LEC central offices and the PSTN.[70] Despite the Commission's understanding that ISPs use interstate access services, the Commission has permitted ISPs to take service under local tariffs and avoid paying interstate access charges and USF contributions.

In 1997, the Commission reconfirmed its previous finding that that ISPs should not be required to pay interstate access charges at that time.[71] The Commission explained that the then existing access charge system included non-cost-based rates and inefficient rate structures.[72] The Commission further reasoned that ISP purchases of

[68] NASUCA Comments, p. 10.
[69] EPG Plan, p. 19.
[70] *ESP Exemption Order*, 3 FCC Rcd at 2635 n.8, 2637 n.53. *See also Access Charge Reform Order*, 12 FCC Rcd at 16133-35.
[71] *In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charges,* CC Docket Nos. 96-262, 94-1, 91-213, 95-72, FCC 97-157, ¶¶ 344-348 (First Report and Order)(rel. May, 16. 1997).
[72] *Id.*

tariffed primary and secondary lines provided ILECs with revenues for the costs imposed on their networks by ISPs.[73]

The non-cost based rates and inefficient rates structures that existed in 1997 no longer exist today. With the implementation of the CALLS and MAG access reform plans for non-rural and rural ILECs access charges have been reduced to historical lows and are based on cost. Moreover, primary line growth has been flat and secondary line growth has declined over the last year. At the same time ISP usage of the PSTN has continued to increase dramatically and has placed a significant and rapidly growing cost burden on ILECs without adequate compensation for ISP usage. It is time for the Commission to eliminate the ESP/ISP exemption and remove regulatory arbitrage it has created.

The continued exemption of ISPs and potential exemption of VoIP providers from access charges and USF contributions will only further enhance the existing regulatory arbitrage incentive for telecommunications providers to remove their traffic from the PSTN to an Internet based platform.[74] The exemption would permit VoIP providers to sell their services to customers while benefiting from the free ride that ISPs receive as a result of the exemption. The ISP exemption has increased the universal service burden on all remaining USF contributors. If VoIP service is added to the list of services exempt from access charges and USF contributions, then the entire universal service funding system will be at risk of collapsing. NTCA therefore urges the Commission to remove

---

[73] *Id.*

[74] *In the Matter of Federal-State Joint Board on Universal Service*, Report to Congress, ¶ 98, CC Docket 96-45, 13 FCC RD 11501.

this arbitrage incentive by eliminating the ISP exemption and requiring all ISPs and VoIP service providers to pay access charges and universal service contributions.

VIII. ANY NEW ACCESS CHARGE REDUCTION SHOULD NOT BE APPLIED TO CENTRALIZED EQUAL ACCESS (CEA) PROVIDERS

Centralized Equal Access (CEA) providers filed comments specifically requesting that ICC reform plans to reduce access charges not be applied to CEA providers or, in the alternative, additional reforms be adopted to allow CEA providers to obtain universal service funding.[75] NTCA agrees. The Commission should not impose any new access charge reductions on CEA providers as a result of future ICC reform.

CEA networks allow the benefits of equal access to reach consumers in 241 rural communities in Iowa, Minnesota and South Dakota. These networks also collectively serve 54 CLECs, 17 wireless carriers and over 70 connections to IXCs.[76] CEA providers offer a unique and vital bridge between IXC networks and each rural ILEC exchange within a CEA provider's service area. CEA providers are enhanced transit providers that supply IXCs with a connection through one or more CEA locations thereby allowing IXCs the ability to avoid the cost of directly interconnecting with each rural ILEC within the CEA provider's service area. CEA providers aggregate IXC traffic so IXCs can reach hundreds of rural communities and thousands of rural consumers. In addition, centralized equal access providers facilitate and enhance IXC competition by offering their service to all IXCs.

[75] CEA Providers Comments, p. 9.
[76] CEA Providers Comments, p. 5.

Today, CEA providers recover all of their costs of regulated access operations through interstate and intrastate access charges assessed to carriers using these services.[77] These access charges are based on embedded cost and they are subject to regulatory approval by the Commission and the appropriate state commissions.[78] CEA providers do not provide end-user consumers with telecommunications services, and thus do not charge any end-users local rates, subscriber line charges, or receive universal service support. Therefore, CEA providers cannot recover lost access charges revenues as a result of future ICC reform through increased end-user rates, increased subscriber line charges, or through universal service support.

The ICC reform plans submitted in this proceeding have not adequately addressed the unique configuration of CEA networks and their dependence on access charges as the sole means of revenue for their regulated services. The Commission should therefore allow CEA providers to continue to operate under the current access charge cost recovery mechanisms. The current cost recovery mechanisms have worked well to bring the benefits of equal access to Iowa, Minnesota, and South Dakota. CEA providers account for less than one percent of the total access minutes nationwide and only five percent of the total minutes of rural ILECs.[79] Thus, maintaining the existing access charge mechanisms for CEA providers as part of ICC reform would not significantly impact any other carrier.

IX. TOLL RATE AVERAGING IS REQUIRED BY LAW

[77] CEA Providers Comments, p. 7.
[78] CEA Providers Comments, p. 7.
[79] CEA Providers Comments, p. 8.

The Commission expressed some concern that "absent some further reform of the access charge regime…rate averaging and rate integration requirements eventually will have the effect of discouraging IXCs from serving rural areas."[80] As the Rural Alliance correctly points out, the IXC toll rate averaging and rate integration requirements of section 254(g) are mandatory regardless of any existing access charge disparity.[81] Section 254(g) of the Act specifically requires the Commission to adopt rules that require providers of interexchange service to charge subscribers in rural and high-cost areas retail rates for services that are no higher than the rates charged to subscribers living in urban areas. In addition, providers of interexchange service are required to provide service to its subscribers in each state at rates no higher than the rates charges to subscribers in any other state.

The Commission's concern over the effect of potential ICC reform on IXCs providing services in rural areas is unwarranted. As NASUCA identifies, as a practical matter no nationwide IXC would be able to serve customers - whether in urban areas or in rural areas – if it served only the customers of non-rural carriers. No nationwide IXC would expect to keep its customers if the customers were not permitted to call rural ILEC customers. Moreover, to the extent that ICC reform reduces access charges, these reductions whether uniform or not will make both geographic averaging and rate integration easier.[82] And as the Rural Alliance recognizes, as ICC reform narrows the

[80] FNPRM ¶ 86.
[81] Rural Alliance Comments, p. 83.
[82] NASUCA Comments, p. 43.

gap between various LEC's access rates, costs for nationwide IXCs will become more uniform and compliance with section 254(g) will become much easier.[83]

X. RURAL ILECS MUST CONTINUE TO HAVE THE OPPORTUNITY TO REMAIN UNDER RATE OF RETURN REGULATION AND PARTICIPATE IN THE NECA POOLS

NTCA agrees with the comments filed by others that rural ILECs must have the opportunity to choose to remain under rate-of-return regulation and continue to participate in the NECA pools.[84] In addition, rural ILECs must be afforded the opportunity to recover loss access revenues, as a result of ICC reform, in order to avoid revenue shortfalls that would place future critical network infrastructure at risk in rural America.[85]

ROR regulation has the distinct advantage that it reflects what has actually been done, not what is nice to do. Like all companies, resources of the rural ILECs are limited and rural ILECs do not deploy equipment without a projected need. Lenders do not approve loans that are not accompanied by sound business plans. Many rural ILECs have RUS loans and are subject to extensive financial scrutiny.

The interests of ROR carriers therefore must be accommodated through the rate restructure process. The ROR carriers' unique needs were recognized by the Commission when it reformed access charges for ROR carriers in 2001. At that time, the Commission tailored its approach to the specific challenges faced by ROR companies serving rural

[83] Rural Alliance Comments, p. 83.
[84] USTA Comments, p. 37.
[85] For a detailed analysis of the inherent difficulties of applying cost models to rural companies, *see*, Dale Lehman, *The Role of Embedded Cost in Universal Service Funding*, NTCA White Paper, October 24. Available online at www.ntca.org/content_documents/Embedded_Cost_White_Paper.pdf.

and high-cost areas.[86] It balanced the goal of universal service with that of competition by creating an uncapped support mechanism to ensure that the rate structure modifications adopted in the MAG Order would not result in unaffordable end-user charges or under recovery of interstate access costs.

The Commission removed certain implicit subsidies in access rates but it refused to adopt an unsupported or below cost per minute rate. It considered proposals for adopting a target rate for the per-minute access charges of rate-of-return carriers on either an optional or mandatory basis and rejected both approaches because neither assured cost recovery and both were insufficiently supported by cost data.[87] Recognizing the ROR regulatory regime under which the small carriers operated, it adopted, instead, a cautious approach, designed to prevent endangerment of ROR revenue streams.[88] It is significant that the Commission recognized that ROR carriers should not be forced to charge an arbitrary target rate but need the flexibility to establish access rates based on their own costs in the areas they serve.[89]

During the last 20 years, rural carriers have continued to invest in rural, high-cost and insular areas in the United States based on a system of rate-of-return regulation, NECA[90] pooling, and universal service support. This existing regulatory structure has

---

[86] *In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers Interexchange Carriers, CC Docket No. 00-256; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation, CC Docket No. 98-77; Prescribing the (cont.) Authorized Rate of Return for Interstate Services of Local Exchange Carriers, CC Docket No. 98-166* (Second Report and Order and Further Notice of Proposed Rulemaking, CC Docket No. 00-256, Fifteenth Report and Order and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166 (Mag Order) 16 FCC Rcd 19613, 19620 (2001).
[87] *Id.* at 19651.
[88] *Id.* at 19620.
[89] *Id.* at 19621.
[90] National Exchange Carrier Association (NECA).

allowed the Commission to meet its Congressional mandate to ensure rural consumers access to telecommunications services at prices that are comparable to similar services and prices received by urban consumers. This goal is now threatened by some ICC reform proposals which create uncertainty about the stability of future access cost recovery and the mechanisms used to fund universal service.

Rural consumers, meanwhile, continue to demand the high quality of service that they are accustomed to receiving from the carriers that have served them for decades. Rural carriers therefore have a strong interest in ensuring that reforms to the intercarrier compensation and universal service rules provide for cost recovery consistent with their past decisions to invest in networks and incur costs under the then lawful regulatory rules.

Reforming these essential parts of this "regulatory compact" poses grave dangers for telecommunications services in high cost areas. Rate-of-return regulation, embedded cost, and regulated lengthy depreciation lives have comprised a combination of policies designed to induce investment in high cost areas in the absence of formal long-term contracts to recover these costs. Financial markets are closely monitoring how regulators deal with this regulatory compact, with implications for future investment in rural communities.[91] Where ROR regulation and other actual cost tools are employed, they provide a reasonable way to assess the financial sufficiency to determine the total amount of revenue a small carrier needs to be financially solvent. Anything less will doom consumers in high cost areas to a substandard network offering substandard service.

[91] For example see the Legg Mason, *Industry Analysis: Universal Service Financial Analysis and Rural Regulatory Review*, June 9, 2005.

XI. THE COMMISSION SHOULD EXPAND THE BASE OF USF CONTRIBUTORS

Several parties request that the Commission expand the base of USF contributors.[92] NTCA wholeheartedly agrees. Cable, wireless, satellite communications companies are currently using their platforms to provide broadband Internet access service in direct competition with incumbent ILEC broadband access service. None of these non-LEC broadband access providers, however, have the same universal service obligations as their ILEC competitors. Contribution policies and rules therefore should change in order to eliminate the distinct competitive advantage these companies have over contributing ILECs.[93]

Under the Commission's existing contribution rules, wireline telecommunications carriers providing "telecommunications services," including broadband transmission services, are required to make USF contributions to the extent they provide broadband transmission services or other telecommunications services on a stand alone basis to affiliated or non-affiliated Internet service providers (ISPs) or end-users.[94] These rules, however, do not apply to cable, wireless, and satellite providers of broadband transmission services or broadband Internet access.[95]

The effect of the recent Supreme Court's decision in *Brand X* means that cable modem Internet access service will be regulated as an information service under Title I of

[92] See the Joint Comments of the Montana Independent Telecommunications Systems, Montana Telecommunications Association, and Mid-Rivers Telephone Cooperative, p. 15-16, GVNW Consulting Comments, p. 13, Mpower Communications, p. 14-15, CTIA Comments, p. 40-42.
[93] *First Repost and Order,* CC Docket 96-45, 12 FCC Rcd 9183-9184, ¶795.
[94] *In the Matter of Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities,* CC Docket No. 02-33, *Universal Service Obligations of Broadband Providers,* and *Computer III Further Remand Proceeding: Bell Operating Company Provision of Enhances Services: 1998 Biennial Regulatory Review – Review of Computer III and ONA Safeguards and Requirements,* CC Dockets Nos. 95-20, 98-10, FCC 02-42, Notice of Proposed Rulemaking (NPRM) ¶¶ 71and 72 (rel. Feb. 15, 2002).
[95] *Id.* ¶ 79.

the Communications Act, as amended.[96] Title I classification would initially mean that cable modem broadband service is not subject to mandatory USF contributions. Pursuant to its Title I ancillary jurisdiction, however, the Commission should require cable, wireless, and satellite companies to make USF contributions to the extent they provide broadband transmission services on a stand alone basis to affiliated or non-affiliated ISPs or end-users.[97] In addition, the Commission should also expand the list of USF contributors to include both facilities-based and non-facilities-based VoIP/IP-enabled service providers regardless of the classification of their service as an information service, telecommunications service or private carriage service.

To the extent that the Commission is concerned about competitive neutrality and the sustainability of an adequate revenue base for its interstate USF mechanisms, the Commissions rule's must keep pace with competition as competitors use different facilities and technologies as substitutes for traditional circuit switched telecommunications services and broadband Internet access services. Failing to position all providers of broadband access, VoIP, and IP-enabled services on equal footing with existing contributors will continue to place existing contributors at a distinct competitive disadvantage and further drain revenues from the existing contribution revenue assessment base. Expanding the list of contributors to the fund will be critical to this Nation's continued success in providing all Americans, rural and urban, access to affordable and comparable communications and advanced services.

[96] *National Cable Telecommunications Association, et al. v. Brand X Services et al.,* Slip Opinion, 04-277 (Supreme Court)(June 27, 2005), which can be found at: http://www.fcc.gov/ogc/documents/opinions/2005/04-277-062705.pdf.
[97] 47 U.S.C. §§ 151-160.

XII. NTCA SUPPORTS THE EFFORTS OF THE RURAL ALLIANCE

NTCA supports the efforts of the Rural Alliance which are intended to promote intercarrier compensation and universal service solutions that will meet the needs of the changing telecommunications marketplace and provide rural consumers with access to affordable basic and advanced telecommunications services. Specifically, NTCA endorses the following Rural Alliance principles which are consistent with NTCA's Blue Print principles for ICC reform and NTCA's proposed separate set of ICC rules for small carriers:

1. **Intercarrier compensation rates should be uniform and based on each carrier's embedded cost.** Uniform cost-based rates should be established so that the equivalent network functionality is charged at equivalent rates no matter if the traffic is terminating or originating, reciprocal compensation or access, interstate or intrastate. For rate-of-return carriers, rates would be based on each carrier's embedded cost.[98]

2. **Existing interconnection rules should be clarified and consistent with statutory law.** ILECs and other carriers would continue to interconnect at existing meet points or those otherwise agreed to by the carriers. Interconnection must occur within the network area of the rural ILEC. Costs associated with indirect interconnection should never be borne by a rural ILEC.[99]

3. **Retail service providers should pay for their usage.** When a carrier's network facilities are used by a retail service provider (RSP) to provide service to its customers, the RSP must provide appropriate compensation to the network carrier for that use. This compensation obligation exists regardless of the technology or protocol used to carry the call. The distinction between access charges and reciprocal compensation must be retained. No rural ILEC should be required to terminate calls if the call records do not permit billing for such traffic. A process should be developed requiring all calls to be properly labeled, and provide real-time resolution of disputes.[100]

4. **Transiting services should be cost-based and available under just and reasonable conditions.** Large tandem and transit network providers currently

[98] Rural Alliance Comments, p. 12.
[99] *Id.*, p. 12.
[100] *Id.*, p. 13.

have significant market power and are only seeking to further consolidate that power through mergers and acquisitions. Transiting services must therefore remain available at cost-based rates under just and reasonable conditions.[101]

5. **Revenue replacements should be based on net revenue losses.** Existing federal universal service mechanisms should be retained. Additional revenue replacement distributions should be made available to qualifying carriers based on net revenue losses as a result of a unification of inter-carrier compensation rate changes made to reach any benchmark levels.[102]

6. **Universal service contributions should be derived from the broadest possible base of contributors.** All service providers and customers that benefit from ubiquitous and affordable network connections should be required to contribute to the universal service fund.[103]

7. **Infrastructure-based universal service and IP- Interconnection oversight are necessary.** Universal service funding should be targeted to provide incentives for rural infrastructure investment that will expand broadband connectivity to areas where it would not otherwise be economically viable. In addition, affordable and open access to IP backbone networks is essential to ensure that consumers in rural, insular and high-cost areas have access to advanced services at reasonably comparable to that available in urban areas.[104]

The remaining principle proposed by the Rural Alliance requires establishing a composite local rate benchmark (i.e., both basic local and subscriber line charge ("SLC") rates) based on the nationwide average urban basic rate level plus the current SLC cap rates.[105] There is disagreement whether rebalancing is necessary and, if so, how to accomplish rebalancing. NTCA, however, is not opposed to rebalancing of local rates if it is part of an overall reform plan that retains revenue neutrality for each rural ILEC,

---

[101] *Id.,* p. 13.
[102] *Id.,* p. 14.
[103] *Id.*, p. 14.
[104] *Id.,* p. 14.
[105] *Id.,* p. 13. The Rural Alliance proposes that to ensure equity in the distribution of revenue replacement funds, composite local rate benchmarks should be included into a revenue replacement fund. The Rural Alliance recommends that carriers with basic local below the nationwide average urban rate level should be allowed to increase their rates in an expeditious manner without the need for State rate proceedings. The Rural Alliance also recommends carriers with basic local rates above the nationwide average urban level should be allowed to reduce their rates and draw replacement funding for the difference.

accommodates differences in calling scopes, and considers differences in funding capability among the states.

XIII. THE REGULATORY FLEXIBILITY ACT REQUIRES THE COMMISSION TO SPECIFICALLY CONSIDER ALTERNATIVES TO MINIMIZE THE BURDEN OF ANY RULE CHANGES ON SMALL CARRIERS

The RFA requires the Commission to consider alternative for small carriers, which may include an exemption from coverage of a rule, or adopting a separate set of rules for small entities, such as rural ILECs and rural CLECs.[106] As the Commission acknowledges, the rules will have a significant economic impact on a significant number of small entities, including NTCA's members.[107] The Commission prepared a Supplemental Initial Regulatory Flexibility Analysis (IRFA) as part of the FNPRM. The Commission requests that comments in response to the Supplemental IRFA be so identified. NTCA requests that its entire filing be considered as part of a response to the Supplemental IRFA.

The Regulatory Flexibility Act also requires that the Commission prepare a final regulatory flexibility analysis in conjunction with any final rules it adopts in this proceeding.[108] The final analysis must contain a description of the projected reporting, recordkeeping and other compliance requirements of the rule, and a description of the steps the Commission has taken to minimize the significant economic impact on small entities, including a statement of the reasons for selecting the alternative adopted in the final rule and why each of the other significant alternatives to the rules which affect the impact on small entities was rejected. Incorporated in NTCA's comments and

---

[106] 5 U.S.C. §603.
[107] FNPRM, ¶¶ 152-190.
[108] *See* 5 U.S.C. § 604.

summarized in the conclusion below are several proposed rules and recommendations that will enable the Commission to lessen the significant economic impact of inter-carrier compensation reform on small carriers.

XIV. CONCLUSION

Based on the reasons in its initial and reply comments, NTCA urges the Commission to reject all mandatory bill and keep proposals and adopt the following separate set of interconnection rules for small rural carriers which will minimize the significant adverse economic impact on rural consumers and ensure that consumers living in rural, insular and high-cost areas continue to have access to affordable telecommunications and advanced services well into the 21st century.

1. Allow small carriers to recover their traffic sensitive costs by charging interconnecting carriers on the basis of their usage.

2. Impose no new interconnection obligations on rural ILECs.

3. Recognize and confirm that rural ILECs have no interconnection obligations beyond their network boundaries.

4. Require competitors that choose to interconnect indirectly with rural ILEC networks through RBOC tandems or other forms of indirect interconnection to bear the cost of transport beyond the rural ILEC's service area. This includes any transport and third party transiting charges in either direction.

5. Require competitors that choose to interconnect at distant points of interconnection (POIs) located within a rural ILEC's network but beyond the rural ILEC's local calling area to bear the cost of transport beyond the ILEC's local calling area.

6. Require that all unlabeled traffic that arrives as access traffic on a rural ILEC network be billed to the carrier at the other end of the trunk group on which the traffic was transported to the rural ILEC.

7. Establish new equitable default termination rates in cases where a rural ILEC does not have an existing interconnection agreement with the carrier responsible for the traffic, but is able to identify the carrier originating the traffic.

8. Require that all RBOC/large carrier tandem transiting rates be cost based and tariffed to prevent abuse of market power.

9. Create a non-portable rural carrier cost mechanism known as the residual access cost recovery mechanism (RACRM). The RACRM would be based on embedded cost and calculated by taking the rural ILEC's current intercarrier compensation revenue requirement (revenues recovered or recoverable from existing interstate and intrastate access and reciprocal compensation) and subtracting out revenues collected from a new unified rate, any subscriber line charges (SLC) increases, and local rate increases. The RACRM would be recovered from all providers of telecommunications, IP-enabled services and information services directly connected to the network.

10. Acknowledge that rural ILECs operate under rate-of-return regulation and structure cost recovery for these carriers accordingly.

11. Continue to allow RoR carriers to participate in the NECA pools.

12. Eliminate the intraMTA Rule.
13. Eliminate the ESP Exemption for ISPs.

14. Enforce toll rate averaging as required by Section 254(g) of the Act.

15. Continue to allow Centralized Equal Access (CEA) Providers to charge cost-based access charges to carriers that use their networks.

16. Refer issues related to intrastate access charges to a Federal-State Joint Board on Separations for the Board's consideration and recommendation.

17. Expand the base of USF contributors to include all cable, wireless and satellite providers of broadband Internet access and facilities-based and non-facilities-based VoIP and IP-enabled service providers.

18. Establish a revenue neutral transition period for rural ILECs and their subscribers to ensure that any new rules preserve universal service and encourage investment in network infrastructure capable of delivering high quality broadband services in all areas of the Nation.

Transitioning to a new ICC regime and establishing a separate set of ICC rules for small carriers will enable the Commission to achieve its goal of reforming the myriad of existing ICC regimes, enhance competition, comply with the RFA, and ensure that consumers living in rural, insular and high-cost areas continue to have access to affordable telecommunications and advanced services.

Respectfully submitted,

NATIONAL TELECOMMUNICATIONS
COOPERATIVE ASSOCIATION

By: /s/Daniel Mitchell________
Daniel Mitchell
(703) 351-2016

By: /s/ Jill Canfield_________
Jill Canfield
(703) 351-2020

Its Attorneys

4121 Wilson Boulevard, 10th Floor
Arlington, VA 22203
703 351-2000

Scott Reiter
Sr. Telecom Specialist
(703) 351-2015

Richard J. Schadelbauer
Economist
(703) 351-2019

CERTIFICATE OF SERVICE

I, Gail Malloy, certify that a copy of the foregoing Reply Comments of the National Telecommunications Cooperative Association in CC Docket No. 01-92, FCC 05-33 was served on this 20th day of July 2005 by first-class, U.S. Mail, postage prepaid, or via electronic mail to the following persons.

/s/ Gail Malloy
Gail Malloy

Chairman Kevin J. Martin
Federal Communications Commission
445 12th Street, SW, Room 8-A201
Washington, D.C. 20554
Kevin.Martin@fcc.gov

Commissioner Kathleen Q. Abernathy
Federal Communications Commission
445 12th Street, SW, Room 8-B115
Washington, D.C. 20554
Kathleen.Abarnathy@fcc.gov

Commissioner Michael J. Copps
Federal Communications Commission
445 12th Street, SW, Room 8-A302
Washington, D.C. 20554
Michael.Copps@fcc.gov

Commissioner Jonathan S. Adelstein
Federal Communications Commission
445 12th Street, SW, Room 8-C302
Washington, D.C. 20554
Jonathan.Adelstein@fcc.gov

Best Copy and Printing, Inc.
445 12th Street, SW
Room CY-B402
Washington, D.C. 20554
fcc@bcpiweb.com

Victoria Goldberg
Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554
victoria.goldberg@fcc.gov

William Esbeck, Executive Director
Wisconsin State Telecommunications Association
6602 Normandy Lane
Madison, Wisconsin 53719

Richard D. Coit
Executive Director and General Counsel
South Dakota Telecommunications Association
P.O. Box 57
Pierre SD 57501

Dawn Jablonski Ryman, General Counsel
State of New York Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Ray J. Riordan
Eastern Rural Telecom Association
7633 Ganser Way, Suite 202
Madison, WI 53719

Robert C. Schoonmaker, President/ Chief Executive
GVNW Consulting, Inc.
P.O. Box 25969
Colorado Springs, CO 80902

Jeffry H. Smith, VP
Western Region Division Manager Officer
Chairman of the Board
GVNW Consulting, Inc.
P.O. Box 2330
Tualatin, OR 97062
jsmith@gvnw.com

Christy L. Zehner, Secretary to the Commission
Public Service Commission of Wisconsin
610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

Lee Beyer, Chairman
Ray Baum, Commissioner
John Savage, Commissioner
Public Utility Commission of Oregon
550 Capitol Street, NE
Suite 215
Salem, Oregon 97301-2551

Russell I. Zuckerman, Senior Vice President & General Counsel
Richard E. Heatter, Vice President, Legal & Regulatory Affairs
Marilyn H. Ash, Esq.
Legal & Regulatory Affairs
MPower Communications Corp.
175 Sully's Trail – Suite 300
Pittsford, NY 14534

Robert F. Holz, Jr.
Davis, Brown, Koehn, Shors & Roberts, P.C.
The Financial Center
666 Walnut Street, Suite 2500
Des Moines, IA 50309-2500

David L. Nace, Esq.
Pamela L. Gist, Esq.
Lukas, Nace, Guitierrez & Sachs, Chartered
1650 Tysons Boulevard, Suite 1500
McLean, VA 22102

Douglas A. Dawson, President
CCG Consulting, Inc.
6811 Kenilworth Avenue, Suite 300
Riverdale, MD 20737

Janee Briesemeister, Senior Policy Analyst Counsel
Consumer Union
1300 Guadalupe
Suite 100
Austin, TX 78701

Mark Cooper, Director of Research
Consumer Federation of America
1424 16th Street, NW
Washington, D.C. 20036

Lanetta Cooper, Public Assistant Public
Texas Office of Public Utility Counsel
1701 North Congress
Suite 9-180
Austin, TX 78711-2397

David C. Bergmann
Assistant Consumers' Counsel
Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485

NASUCA
8380 Colesville Road, Suite 101
Silver Spring, MD 20910

James W. Olson, Esq.
Jeffrey S. Lanning, Esq.
Indra Sehdev Chalk, Esq.
Robin E. Tuttle, Esq.
United States Telecom Association
1401 H Street, NW, Suite 600
Washington, D.C. 20005

Rolayne Ailts Wiest
South Dakota Public Utilities Commission
500 E. Capitol
Pierre, SD 57501

Christopher J. White, Esq.
Deputy Ratepayer Advocate
Seema M. Singh, Esq.
Ratepayer Advocate
New Jersey Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
Newark, NJ 07102

Columbus Telephone Company
224 South Kansas
Columbus, Kansas 66725

Joshua H. Seidemann, Esq.
Kraskin, Moorman & Cosson, LLC
2120 L Street, NW, Suite 520
Washington, D.C. 20037

Jan Reimer, President
Icore, Inc.
326 S.2nd Street
Emmaus, PA 18049

M. John Bowen, Jr., Esq.
Margaret M. Fox, Esq.
McNair Law Firm, PA
P.O. Box 11390
Columbia, SC 29211

Kate Giard, Chairman
Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501-3469

Greg Jergeson, Chairman
Brad Molnar, Vice Chairman
Doug Mood, Commissioner
Robert H. Raney, Commissioner
Thomas J. Schneider, Commissioner
Montana Public Service Commission
1701 Prospect Avenue
P.O Box 202601
Helena, MT 59620-2601

Chuck McCown, General Manager
Beehive Telephone Company
2000 Sunset Road
Lakepoint, UT 84074

Steven E. Watkins, Telecommunications Mgt. Consultant
c/o Kraskin, Moorman & Cosson, LLC
2120 L Street, NW, Suite 520
Washington, D.C. 20037

Albert H. Eaton, President and Chief Executive Officer
Great Lakes Comnet
6607 West St. Joseph Hwy., Suite 200
Lansing, Michigan 48917

Jim Petro, Attorney General of Ohio
Duane Luckey, Senior Deputy
Steven T. Nourse, Assistant General Attorney
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215-3793

Adam Kupetsky, Director of Regulatory
Wiltel Communications, LLC
One Technology Center TC15H
Tulsa. OK 74103

John Ridgway, Manager
Penny G. Baker, Assistant General Counsel
Iowa Utilities Board
350 Maple Street
Des Moines, Iowa 50319

Bruce Kushnick, Chairman
Tom Allibone, Director of Audits
TeleTruth New Networks Institute
459 Broadway 2nd Floor
New York, NY 10013

Cheryl A. Tritt, Esq.
Frank W. Krogh, Esq.
Jennifer L. Kostyu, Esq.
Morrison & Foerster, LLP
2000 Pennsylvania Avenue, NW
Suite 5500
Washington, D.C. 20006

Thomas J. Sugrue, Vice President
Government Affairs
Kathleen O'Brien Ham, Managing Director
Federal Regulatory Affairs
T-Mobile USA, Inc.
401 9th Street, NW
Suite 550
Washington, D.C. 20004

Jeffrey S. Glover, Esq.
John F. Jones, Esq.
Calvin K. Simshaw, Esq.
CenturyTel, Inc.
100 Century Park Drive
Monroe, LA 71211

Michael Altschul, Senior Vice President,
General Counsel
Diane Cornell, Vice President
Paul Garnett, Director
CTIA – The Wireless Association
1400 16th Street, NW
Suite 600
Washington D.C. 20036

Robert G. Mork, Deputy for Federal Affairs
Indiana Office of Utility Consumer Counselor
100 N. Senate Avenue, Room N501
Indianapolis, Indiana 46204-2215

Blair A. Rosenthal, Esq.
Robert B. McKenna, Esq.
Timothy M. Boucher, Esq.
Daphne E. Butler, Esq.
Qwest Communications International Inc.
607 14th Street, NW
Washington, D.C. 20005

David M. Wilson, Esq.
Wilson & Bloomfield, LLP
1901 Harrison Street
Suite 1630
Oakland, CA 94612

Phillip R. Schenkenberg, Esq.
Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402

Donald J. Manning, Vice President
Secretary and General Counsel
Todd B. Lantor, Chief Regulatory Counsel
Nextel Partners, Inc.
4500 Carillon Point
Kirkland, Washington 98033

Brad E. Mutschelknaus, Esq.
Steven A. Augustino, Esq.
Kelley Drye & Warren, LLP
1200 19th Street, NW
Suite 500
Washington, DC 20036

Thomas Jones, Esq.
Jonathan Lechter, Esq.
Wilkie Farr & Gallagher, LLP
1875 K Street, NW
Washington, D.C. 20006

Gene A. DeJordy, Vice President of
Regulatory Affairs
Ron L. Williams, Director of
Industry Affairs
Mark Rubin, Director of
Federal Government Affairs
Western Wireless Corp.
3650 131st Avenue, SE
Suite 400
Bellevue, WA 98006

Charles H.N. Kallenbach, Senior Vice
President Legal and Regulatory Affairs
Suncom Wireless, Inc.
1100 Cassatt Road
Berwyn, PA 19312

Suzanne K Toller, Esq.
Jane Whang, Esq.
Davis Wright Tremaine, LLP
One Embarcadero Center
Suite 600
San Francisco, CA 94111

Bruce S. Asay, Esq.
Associated Legal Group, LLC
1807 Capitol Avenue, Suite 203
Cheyenne, WY 82001

Michael W. Fleming, Esq.
Swidler Berlin LLP
The Washington Harbour
3000 K Street, NW
Suite 300
Washington, D.C 20007

Andrew D. Lipman, Esq.
Richard M. Rindler, Esq.
Patrick J. Donovan, Esq.
Swidler Berlin, LLP
3000 K Street, NW
Suite 300
Washington, D.C. 20007

Gary M. Epstein, Esq.
Richard P. Bress, Esq.
Richard R. Cameron, Esq.
Latham & Watkins, LLP
555 Eleventh Street, NW
Suite 1000
Washington, D.C. 20004

Alexicon Telecommunications Consulting
2055 Anglo Drive, Suite 201
Colorado Springs, CO 80918

James R. Jenkins, Vice President
Legal and External Affairs
United States Cellular Corporation
8110 West Bryn Mawr
Chicago, IL 60631

Michele C. Farquhar, Esq.
Matthew F. Wood, Esq.
Hogan & Hartson, LLP
555 Thirteenth Street, NW
Washington, D.C. 20004

Carl W. Northrop, Esq.
Paul, Hasting Janofsky & Walker LLP
875 15th Street, NW
Washington, D.C. 20005

Mark A. Stachiw, VP., General
Counsel and Secretary
MetroPCS Communications, Inc.
8144 Walnut Hill Lane, Suite 800
Dallas, TX 75231

Douglas E. Hart, Esq.
Frost Brown Todd LLC
2200 PNC Center
2200 East Fifth Street
Cincinnati, OH 45202

David Crothers, Executive Vice President
North Dakota Association of
Telecommunications Cooperatives
P.O. Box 1144
Mandan, ND 58554

Gerard J. Duffy, Esq.
Blooston, Mordkofsky, Dickens, Duffy
& Prendergast
2120 L Street, NW
Suite 300
Washington, D.C. 20037

Thomas M. Sullivan, Chief of Counsel for
Advocacy
The Office of Advocacy, U.S. Small
Business Administration
409 Third Street, SW
Washington, D.C. 20416

Paul J. Feldman, Of Counsel
Martin T. McCue, Esq.
Fletcher, Heald & Hildreth
1300 North 17th Street, 11th Floor
Arlington, VA 22209

Rob Hurless, Chairman
Wyoming Public Service Commission
2515 Warren Avenue
Hensen Building – Suite 300
Cheyenne, WY 82002

Kent Nakamura, Vice President and
Deputy General Counsel – Regulatory
Anthony M. Alessi, Senior Counsel-Regulatory
Christopher Day, Counsel – Government Affairs
Nextel Communications, Inc.
2001 Edmund Halley Drive
Reston, VA 20191

Laura H. Phillips, Esq.
Laura S. Gallagher, Esq.
Patrick R. McFadden, Esq.
Drinker Biddle & Reath LLP
1500 K Street, NW, Suite 1100
Washington, D.C. 20005-1209

Bryce J. Feeman, Administrator
Wyoming Office of Consumer Advocate
2525 Warren Avenue, Suite 305
Cheyenne, WY 82002

TCA, Inc. _ Telcom Consulting Associates
1465 Kelly Johnson Blvd., Suite 200
Colorado Springs, CO 80920

Tony Clark, President
Kevin Cramer, Commissioner
North Dakota Public Service Commission
600 E. Boulevard Ave., Dept. 408
Bismarck, ND 58505-0480

Paul M. Schudel, Esq.
James A. Overcash, Esq.
Woods & Aitken LLP
301 South 13th Street, Suite 500
Lincoln, Nebraska 68508

Thomas G. Fisher, Jr.
Rural Iowa Independent Telephone Association
P.O. Box 12277
Des Moines, Iowa 50312

E. Garth Black, Esq.
Jeffrey F. Beck, Esq.
Mark P. Schreiber, Esq.
Sean P. Beatty, Esq.
Patrick M. Rosvall, Esq.
Cooper, White & Cooper LLP
201 California Street
Seventeenth Floor
San Francisco, CA 94111

Michael C. Strand
Montana Independent Telecommunications Systems
P.O. Box 5237
Helena, MT 59604-5237

Bennett L. Ross
Bellsouth Corporation
1133 21st Street, NW
Washington, D.C. 20036-3390

Richard M. Sbaratta, Esq.
Bellsouth Corporation
Suite 4300
675 West Peachtree Street, NE
Atlanta, GA 30375-0001

G. Nanette Thompson
General Communications, Inc.
2550 Denali Street
Suite 1000
Anchorage, AK 99503

Jason D. Oxman
CompTel/ALTS
1900 M Street, NW
Suite 800
Washington, D.C. 20036

Richard A. Finnigan
Law Office of Richard A. Finnigan
2112 Black Lake Boulevard, SW
Olympia, WA 98512

Jim Lamoureux, Esq.
Christopher M. Heimann, Esq.
Gary L. Phillips, Esq.
Paul K. Mancini, Esq
SBC Communications, Inc.
1401 Eye Street, NW
Washington, D.C. 20005

Michael H. Pryor, Esq.
Ernest C. Cooper, Esq.
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC
701 Pennsylvania Avenue, NW
Suite 900
Washington, D.C. 20004

Stephen G. Kraskin, Esq.
Kraskin, Moorman & Cosson LLC
2120 L Street, NW
Suite 520
Washington, D.C. 20037

Robert M. Halperin, Esq.
Crowell & Moring LLP
1001 Pennsylvania Avenue, NW
Washington, D.C. 20004

John W. Katz, Esq.
Charles Abernathy, Esq.
Associate Director, State-Federal Relations
Office of the State of Alaska
444 North Capitol Street, NW
Suite 336
Washington, D.C. 20001

Luisa L. Lancetti, Esq.
H. Richard Juhnke, Esq.
Charles W. McKee, Esq.
Sprint Corporation
401 9th Street, NW, Suite 400
Washington, D.C. 20004

Kristina Kern Wheeler
Indiana Utility Regulatory Commission
302 W. Washington Street, Room E-306
Indianapolis, IN 46204

Manny Staurulakis, President
John Staurulakis, Inc.
7852 Walker Drive, Suite 200
Greenbelt, MD 20770

W. Scott McCollough, Esq.
F. Cary Fitch, Esq.
Fitch Affordable Telecom
1250 Capital of Texas Highway South
Building Two, Suite 235
Austin, TX 78746

Steven N. Teplitz, Esq.
Susan A. Mort, Esq.
Time Warner, Inc.
800 Connecticut Avenue, NW
Washington, D.C. 20036

Richard L. Cimerman, Senior Director
Daniel L. Brenner, Esq.
Neal M. Goldberg, Esq
David L. Nicoll, Esq.
National Cable & Telecommunications
Association
1724 Massachusetts Avenue, NW
Washington, D.C 20036

Carrington Phillip, Vice President
Regulatory Affairs
Cox Communications, Inc.
1400 Lake Hearn Drive
Atlanta, GA 30319

J.G. Harrington
Dow, Lohnes & Albertson, PLLC
1200 New Hampshire Avenue, NW
Suite 800
Washington, D.C. 20036

David Cosson, Esq.
Kraskin, Moorman & Cosson, LLC
2120 L Street, NW, Suite 520
Washington, D.C. 20037

Michael E. Glover
Of Counsel
Karen Zacharia, Esq.
Amy P. Rosenthal, Esq.
Verizon
1515 North Courthouse Road
Suite 500
Arlington, VA 22201-2909

Benjamin H. Dickens, Jr., Esq.
Blooston, Mordkofsky, Dickens, Duffy
Prendergast
2120 L Street, NW
Suite 300
Washington, D.C. 20037

Michael R. May, Attorney at Law
South Slope Cooperative Telephone Company
Inc.
1216 East Franklin Avenue
Indianola, Iowa 50125

Jonathan Jacob Nadler, Esq.
Angela Simpson, Esq.
Steve F. Lederman, Esq.
Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, NW
Washington, D.C. 20044

Teresa Evert, Senior Regulatory Manager
Richard A. Askoff, Esq.
National Exchange Carrier
Association
80 South Jefferson Road
Whippany, NJ 07981

Alfred M. Mamlet
Marc A. Paul, Esq.
Steptoe & Johnson LLP
1330 Connecticut Avenue, NW
Washington, D.C. 20036

Brian Cute, Vice President
Government Relations
VeriSign, Inc.
1666 K Street, NW, Suite 410
Washington, D.C. 20006

Anthony M. Ruthkowski, Vice President
Regulatory Affairs
VeriSign Communications Services Division
21355 Ridgetop Circle
Dulles, VA 20166

Matthew L. Dosch, Vice President
External Affairs
Rock Hill Telephone Company
330 East Black Street
Rock Hill, SC 29730

Matthew L. Dosch, Vice President
External Affairs
Rock Hill Telephone Company
330 East Black Street
Rock Hill, SC 29730

Joel Shifman, Esq.
Maine Public Utilities Commission
242 State Street
Augusta, Maine 04333-0018

John T. Scott, III, Esq.
Charon Phillips, Esq.
Elaine Critides, Esq.
Verizon Wireless
1300 I Street, NW
Suite 400 West
Washington, D.C. 20005

Rosemary McMahill, Esq.
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, Texas 78711-3326