

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

In the Matter of	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	
	)	
2007 Modification of Average	)	DA 06-2054
Schedule Universal Service High-Cost	)	
Loop Support Formula and the 2007	)	
Average Schedule Company Local	)	
Switching Support Formula	)	

**COMMENTS  
of the  
ORGANIZATION FOR THE PROMOTION AND  
ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES**

**I. INTRODUCTION**

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) hereby submits comments regarding the National Exchange Carrier Association's (NECA) proposed modifications to the Average Schedule Universal Service High Cost Loop Support (HCLS) formula for 2007.<sup>1</sup>

OPASTCO is a national trade association of more than 550 small telecommunications carriers serving rural areas of the United States. Its members, which include both commercial companies and cooperatives, together serve over 3.5 million customers.

NECA's proposed HCLS formula satisfies Parts 36, 54, and 69 of the Commission's rules. Therefore, OPASTCO recommends that the Wireline Competition

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<sup>1</sup> NECA 2007 Modification of the Average Schedule Universal Service High Cost Loop Support Formula, National Exchange Carrier Association, Inc. (fil. Aug. 30, 2006) (NECA 2007 HCLS Modification).

Bureau promptly approve the formula as filed to take effect on January 1, 2007, so that small average schedule companies can receive reasonably accurate support payments.

## II. COMMENTS

NECA's proposed HCLS formula is a fair, unbiased estimator of smaller average schedule companies' cost per loop, which relates well to what these companies would receive if their expense adjustments were based on their individual costs. The formula conforms to the Commission's Part 69 rules, which require that formulas produce disbursements to average schedule companies that simulate the disbursements that would be received by representative cost companies.<sup>2</sup>

NECA's proposed HCLS formula for 2007 would produce \$56.1 million in annual expense adjustment payments to average schedule companies, which amounts to a \$10.8 million increase from their current level.<sup>3</sup> While this constitutes a material proportionate increase in payments, HCLS payable to average schedule companies continues to be a small fraction of the total High-Cost program.<sup>4</sup>

NECA's proposed increase in HCLS payments to average schedule companies is the result of reported annual cost changes for average schedule companies, which continue to increase. This is due to the fact that average schedule companies who qualify for HCLS payments have experienced a notable increase in their actual accounts on a per loop basis.

Furthermore, for the past five years, HCLS payment levels have been affected by changes to the Commission's rules. As a result of the *Rural Task Force Order*, the rural

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<sup>2</sup> 47 C.F.R. §69.606(a).

<sup>3</sup> NECA 2007 HCLS Modification, p. 1.

<sup>4</sup> *Id.*, p. 2.

carrier portion of HCLS was increased or “rebased” and the National Average Cost Per Loop (NACPL) adjusted downward.<sup>5</sup> As a result of this change, many average schedule companies that did not receive payments before this “rebasing” now have cost per loop values that exceed 115 percent of the adjusted NACPL, and therefore began receiving payments going forward from July 2001. Similarly, average schedule companies that had already been receiving payments have since seen increases in their support.

### **III. CONCLUSION**

NECA’s proposed modifications to the average schedule HCLS formula would, in accordance with the Commission’s rules, produce expense adjustment payments to average schedule carriers that simulate the disbursements that would be received by representative cost companies. The Wireline Competition Bureau should therefore adopt NECA’s proposed 2007 HCLS formula as filed, to be effective January 1, 2007 - December 31, 2007.

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<sup>5</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fourteenth Report and Order, Twenty-Second Order on Reconsideration and Further Notice of Proposed Rulemaking, *Multi-Association Group (MAG) Plan for Regulation of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, Report and Order, 16 FCC Rcd 11244, 11262, 11268-11269, ¶¶ 40, 55 (2001) (*Rural Task Force Order*).

Respectfully submitted,

**THE ORGANIZATION FOR THE  
PROMOTION AND ADVANCEMENT OF  
SMALL TELECOMMUNICATIONS  
COMPANIES**

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November 1, 2006

## **CERTIFICATE OF SERVICE**

I, Brian Ford, hereby certify that a copy of the comments by the Organization for the Promotion and Advancement of Small Telecommunications Companies was sent by electronic mail, on this, the 1<sup>st</sup> day of November, 2006, to those listed on the attached list.

By: /s/ Brian Ford  
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**SERVICE LIST**  
**CC Docket No. 96-45**  
**DA 06-2054**

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