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 BLACKFOOT TELECOMMUNICATIONS GROUP

SUMMARY

The Blackfoot Telecommunications Group ("BTG") supports the Missoula Plan and the Federal Benchmark Mechanism ("FBM") as proposed by the Missoula Plan Supporters.[1] In fact, BTG has previously advocated that a benchmark mechanism similar to the FBM should be included as part of intercarrier compensation reform.[2] BTG believes that inclusion of the FBM in the Missoula Plan is the final piece needed to complete the Federal Communications Commission's (the "FCC" or "Commission") long, complex intercarrier compensation proceeding. Accordingly, the Commission should move swiftly to adopt the FBM, the Missoula Plan, and implement the proposed solution to an out-dated intercarrier compensation regime.

[1] *See* Letter from the Supporters of the Missoula Plan to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 01-92 (filed Jan. 30, 2007). An additional *ex parte* was submitted correcting two errors made in the Jan. 30 filing. Letter from the Supporters of the Missoula Plan to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 01-92 (filed Feb. 5, 2007) (collectively referred to as the "*FBM Ex Parte*").

[2] *See, e.g. In the Matter of Developing a Unified Intercarrier Compensation Regime,* Reply Comments of the Montana Public Service Commission, CC Docket No. 01-92 (filed Feb. 1, 2007).

I. Introduction and Background

Blackfoot Telecommunications Group ("BTG") is a family of companies under common ownership with Blackfoot Telephone Cooperative, Inc. ("Blackfoot") headquartered in Missoula, Montana. BTG operates a facilities-based ILEC, serving nearly eighteen thousand lines in some of the most rural portions of western Montana, and a facilities-based CLEC in the Missoula region. BTG provides high quality integrated telecommunications and data services to both business and residential customers.

Blackfoot, together with most other incumbent carriers in Montana, is classified as a Track 3 carrier under the Missoula Plan.[3] Track 3 recognizes that rural areas, such as Western Montana, are unique and significantly higher cost to serve than urban areas, and therefore maintains cost-based rates.

Several years ago, Blackfoot proactively changed existing, traditional rate structures by shifting revenue recovery from intrastate carrier access to local services by spear-heading the implementation of a region-wide extended area service ("EAS") plan in Western Montana.[4] The EAS plan drastically reduced the volume of Blackfoot's intrastate access minutes as calls that had been previously rated as toll calls were now rated as local calls. Essentially, the EAS plan took approximately sixty percent of Blackfoot's intrastate carrier access and shifted it to a bill and keep intercarrier compensation mechanism. To make up for lost access revenue by the substantially reduced number of intrastate access minutes, Blackfoot and other carriers participating in

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[3] Under the Missoula Plan, Qwest is a Track 1 carrier, and CenturyTel and Frontier Communications are Track 2 carriers. All other Montana incumbent local exchange carriers are Track 3 carriers.

[4] *Blackfoot Telephone Cooperative, Inc. Application for Exchange and Regional Extended Area Service for the Missoula and Helena Areas,* Department of Public Service Regulation, Public Service Commission of the State of Montana, Utility Division, Docket No. D2003.1.8, Order No. 6502(c) (rel. Sept. 29, 2004).

the EAS plan received permission from the Montana Public Service Commission to raise end user rates. For example, in one of its study areas, Blackfoot raised its basic, residential end user rate from $10 per month to $25 per month for unlimited local calling.[5] After including the existing subscriber line charge ("SLC") of $6.50, taxes, and other fees, Blackfoot's basic residential end user rate is more than $34 per month. The $15 per month increase in local rates from this voluntary restructuring is much higher than the $2.25 SLC increase for Track 3 carriers as proposed in the Missoula Plan.

II. The FBM Protects Consumers That Already Have Higher End User Rates.

The FBM allows meaningful reform of a broken intercarrier compensation regime without unduly placing the cost of doing so on end user consumers. Using Blackfoot as an example demonstrates this point. The Missoula Plan requires Track 3 carriers such as Blackfoot to increase their residential/single line business SLC by $2.25 incrementally over the initial three steps of the Plan.[6] For Blackfoot's end user residential customers, this means an additional $2.25 increase in the bottom-line for basic local phone service, resulting in a total charge of more than $36 per month. But the FBM will protect Blackfoot's consumers from additional rate increases imposed by the Missoula Plan because Blackfoot's Residential Revenues per line[7] will exceed the high benchmark threshold of $25 proposed in the FBM; Blackfoot's current Residential Revenues for its unlimited local calling service are about $31.50 per line, per month. As a result,

[5]Consumers in Blackfoot's service area have the option of selecting a measured local call usage plan for basic, residential phone service for $19 per month plus a per minute of use charge for each local call outside their traditional local calling area.

[6] *See* Letter from Tony Clark, Commissioner and Chair, NARUC Committee on Telecommunications, Ray Baum, Commissioner and Chair, NARUC Task Force, and Larry Landis, Commissioner and Vice-Chair, NARUC Task Force, CC Docket No. 01-92, at 7 (filed July 24, 2006) (attaching the Missoula Plan) (the *"Missoula Plan")*.

[7] "Residential Revenues per line" are defined as "the sum of the basic residential local rate (1FR or equivalent) plus mandatory EAS rate plus current interstate SLC plus current intrastate SLC and SLC-like surcharges (e.g. NIC, NAF) plus State USF per line for a given study area." *FBM Ex Parte* at p. 3.

Blackfoot will receive "Category A" funding from the Missoula Plan's Restructure Mechanism ("RM") under the proposed FBM mechanism.[8] Thus, Blackfoot's end users would not be burdened with additional rate increases under the Missoula Plan in the form of an increased SLC.[9]

As demonstrated by this example, the use of a national benchmark mechanism like the FBM targets support to those states and, more importantly, to those consumers that need it the most to prevent rate shock. Consumers in states that have adopted state universal service reform and EAS plans similar to Blackfoot's in Montana should not be penalized by intercarrier compensation reform for being progressive in rate reform and rebalancing. These customers have already shouldered their share of the burden of access rate restructuring. The proposed FBM recognizes this by not placing additional burdens on consumers in the form of increased SLCs under the Missoula Plan.[10]

III. The FBM Is Consistent With the Principles of Section 254 of the Act.

Adopting the FBM will advance the universal service principles set-forth in the Telecommunications Act of 1996 (the "Act"). Specifically, the FBM has the positive collateral effect of ensuring that end user rates and services are reasonably comparable among all types of consumers and that consumers in all regions of the country will continue to have access to telecommunications and information services.

First, by setting a national federal benchmark, the FBM proposal is a move towards ensuring all consumers of reasonably comparable end user rates. For example, if

[8] *See, e.g. FBM Ex Parte* at p. 4.
[9] Blackfoot's residential customers that purchase measured local calling service would also not experience a rate increase as the total Residential Revenues per line for that service also exceed the high benchmark threshold of $25.
[10] While BTG believes the current benchmark targets of the FBM are appropriate, it encourages the Commission to explore the impact of raising the benchmark targets to higher dollar amounts. For example, BTG believes that raising the benchmark target by an additional $2 would only have a modest impact on end user rates while controlling the overall size of the RM.

a Track 3 company's Residential Revenues per line are $25 per month, the Missoula Plan inclusive of the FBM will mean that Residential Revenues per line will remain $25 per month—i.e. customers' end user rates will not increase. If that carrier receives Residential Revenues of $17 per month, then that carrier's end users must bear the burden of an increased SLC of $2.25 over the initial phase of the Missoula Plan, bringing that carrier's total end user rate to $19.25 per month. While these rate are not identical, they are a step towards reasonable comparability and consistent with the mandate of Section 254(b)(3) of the Act.

Second, like the Missoula Plan as a whole, the FBM ensures that rural carriers like Blackfoot will continue to receive the support they need to provide consumers living in rural, insular and high cost areas access to telecommunications and information services pursuant to Section 254(b)(2) of the Act. The FBM will be a guaranteed revenue stream for companies like Blackfoot, progressive companies that have rebalanced rates on their own initiatives. By guaranteeing revenues, the FBM and Missoula Plan ensure that progressive companies like Blackfoot will continue to be able to provide consumers access to quality services in the most remote, highest cost areas of the nation without making their end user consumer pick-up a disproportionately large share of the expense.

IV. Conclusion

The FBM is the last piece of the puzzle needed to complete the Missoula Plan. The Commission should act swiftly to implement the FMB and the Missoula Plan to provide the industry certainty in the realm of intercarrier compensation and to further fulfill the mandates of Section 254 of the Act.

RESPECTFULLY SUBMITTED this 28th Day of March, 2007

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