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

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	))	CC Docket No. 01-92
	)	
Comments Sought on Amendments to the Missoula Plan Intercarrier Compensation Proposal to Incorporate a Federal Benchmark Mechanism	))))	DA 07-738

Comments of The Nebraska Rural Independent Companies

I. Introduction

The Nebraska Rural Independent Telephone Companies ("Nebraska Companies")[1] hereby submit these comments in response to the Federal Communications Commission's ("Commission") Public Notice ("Notice") released on February 16, 2007 in the above captioned proceeding. In the Notice the Commission seeks comments on amendments to the Missoula Plan (the "Plan") that incorporate a proposal addressing issues faced by "early adopter" states; that is states that have already taken steps to substantially reduce intrastate access rates. The proposed amendments are referred to as the Federal Benchmark Mechanism ("FBM").

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

II. It is Critically Important to Integrate the Federal Benchmark Mechanism into the Plan in order to Accommodate the Range of Historical State Actions Relative to Intercarrier Compensation

The Plan as initially filed recognized the creation of a new Early Adopter Fund to provide funding to states that have reduced their intrastate access rates prior to the Plan's adoption. Supporters of the Plan have worked with interested state commissions and their staffs to develop the FBM, which if adopted, will accomplish greater end-user rate comparability for consumers across all states while promoting equity for early adopter states. Just as the Restructure Mechanism serves as a critical component of the Plan, the Nebraska Companies submit that the FBM is also critical and should be integrated into the Plan.

The FBM recognizes and accommodates the range of historical state actions relative to intrastate access charges, while mitigating the impact of the Plan on consumers that already pay higher rates and fees by targeting new federal support to states that have previously increased end-user rates and/or implemented state universal support mechanisms. The FBM helps promote rate comparability among consumers in all states by providing funding to states where basic local exchange service rates are high. If rates exceed the High Benchmark Rate or would exceed the High Benchmark Rate after the subscriber line charge ("SLC") increase, the FBM applies thereby preventing consumers with high rates from exceeding the High Benchmark Target.

This new mechanism also would require companies that offer basic local exchange service at rates below a Low Benchmark Target to add an amount not to exceed $2.00 per month to their Residential SLC increase. This would further minimize the rate impact on consumers nationwide by reducing the total requirement for RM dollars. In this way, the FBM reduces funding obligations by shifting more of a carrier's cost recovery to consumers in states that have retained relatively low rates. Similarly, the FBM would promote rate comparability for consumers across all states by helping to ensure that basic local rates will remain within a certain range throughout the nation after the implementation of the Missoula Plan.

Without the creation and integration of an "Early Adopter Solution" such as the FBM, intercarrier compensation reform would be neither complete nor equitable. The Nebraska Companies therefore submit that the FBM be part of any final resolution in this proceeding to assure equity among states for previous actions taken relative to intercarrier compensation.

III. The Federal Benchmark Mechanism Addresses Concerns Raised about SLC Increases in the Plan.

The FBM addresses legitimate concerns raised by some parties regarding SLC increases in the Plan[2] by using FBM funding to replace some or all of a carrier's SLC increases, thereby protecting consumers in states that have adopted access reform from facing higher basic local exchange service rates.

Given the fact that the FBM directs funding to consumers in states with rates that are near or above the High Benchmark Target on a carrier-by-carrier basis, the FBM would replace much of the SLC increase that would otherwise occur under the Plan. The Nebraska Companies believe this balancing of SLC modifications across the states is a fair and reasonable approach to accomplishing reforms.

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[2] *See In the Matter of Intercarrier Compensation,* CC Docket No. 01-92, Comments of the National Association of State Utility Consumer Advocates, October 25, 2006, at p. 56 and Comments of the Public Utilities Commission of Ohio, October 25, 2006, at p. 39.

IV. The Federal Benchmark Mechanism is Clearly a Section 201 Construct as it Accounts for Historical State Access Charge Reductions

The Rural Alliance has stated that the Restructure Mechanism was established to offset revenue loses from reduced access charges and should therefore not be considered universal service funding.[3] The Nebraska Companies concur with this stated rationale. Given the fact that the FBM targets funding to states that have previously reduced state access charges, it is appropriate to similarly conclude that such targeted funding must be considered as an access rate element under Section 201. The Nebraska Companies submit, therefore, that FBM, like the Restructure Mechanism, should be established as a new access charge element under the Commission's broad authority in Sections 201 and 205 of the Act.

V. Conclusion

The Commission should consider the FBM improvements to the Plan as further evidence of the Plan's viability as a fair and reasonable intercarrier compensation solution. The Nebraska Companies support the inclusion of the FBM as part of the Plan and urge the Commission to proceed expeditiously with the adoption the Plan.

[3] *See In the Matter of Developing a Unified Intercarrier Compensation Regime,* CC Docket No. 01-92, Comments of the Supporters of the Missoula Plan, October 25, 2006, Attachment B.

Dated: March 28, 2007

Respectfully submitted,

THE NEBRASKA RURAL
INDEPENDENT TELEPHONE
COMPANIES

Arlington Telephone Company,
The Blair Telephone Company,
Cambridge Telephone Company,
Clarks Telecommunications Co.,
Consolidated Telco, Inc.,
Consolidated Telcom, Inc.,
Consolidated Telephone Company,
Eastern Nebraska Telephone Company,
Great Plains Communications, Inc.,
Hartington Telecommunications Co., Inc.,
Hershey Cooperative Telephone Co.,
K&M Telephone Company, Inc.,
The Nebraska Central Telephone Company,
Northeast Nebraska Telephone Company,
Rock County Telephone Company,
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Three River Telco

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