

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

<b>In the Matter of</b>	)	
	)	
<b>Developing a Unified Intercarrier Compensation Regime</b>	)	<b>CC Docket No. 01-92</b>
	)	
<b>Comments Sought on Amendments to the Missoula Plan Intercarrier Compensation Proposal to Incorporate a Federal Benchmark Mechanism</b>	)	<b>DA 07-738</b>
	)	

To the Commission:

**COMMENTS OF TEXAS STATEWIDE TELEPHONE COOPERATIVE, INC.**

Texas Statewide Telephone Cooperative, Inc. (TSTCI) is an association representing twenty-one (21) telephone cooperatives and eighteen (18) commercial incumbent local exchange companies who provide service in rural, high-cost areas in the State of Texas and are within the jurisdiction of the Public Utility Commission of Texas. TSTCI member companies represented in these comments are listed on Attachment I.

TSTCI submits these comments in response to the FCC's Public Notice, released February 16, 2007, regarding a proposal to incorporate a Federal Benchmark Mechanism (FBM) to the Missoula Plan for Intercarrier Compensation Reform (Missoula Plan).<sup>1</sup>

TSTCI strongly supports the Missoula Plan and the principle of access charge equity across states and companies. TSTCI believes the proposed FBM represents a good first step toward achieving equity. However, TSTCI is concerned about the impact of the proposed FBM on ratepayers and small, rural companies in Texas. TSTCI also has concerns regarding the specifics of implementing the FBM and believes a more in depth examination of the FBM plan is needed before TSTCI can fully lend its support to the FBM proposal.

First, TSTCI has concerns about the statewide data presented in the proposal, and the data for Texas in particular. The FBM proposal described in the ex parte letters filed on January 30, 2007, and corrected on February 5, 2007, contains estimated data showing the effects of the

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<sup>1</sup> Letter from Peter Bluhm, Esq., Vermont Public Service Board; Christopher Campbell, Telecommunications Director, Vermont Department of Public Service; Steve Furtney, Chairman Wyoming Public Service Commission; Angela DuVall Melton, Esq., Nebraska Public Service Commission; Joel Shifman, Esq., Maine Public Utilities Commission; Joseph Sutherland, Executive Director, Indiana Utility Regulatory Commission; and the Missoula Plan Supporters to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 01-92 (fil. Jan. 30, 2007) (FBM). (References are to the portion of the document following the cover letter that is labeled "Supporting Comparability Through a Federal Benchmark Mechanism.")

FBM on each state. The schedule in the proposal, "Model Results by State with Estimates of Net Benefit to Residential Customers," indicates that the combined revenue effect of the FBM and Restructure Mechanism (RM) would result in a Total Impact on Residential Customers in Texas of \$1.22, an incremental assessment to all Texas customers of \$0.38 and a Net Benefit to Residential Customers of \$0.84 per residential line per month in Texas. Further, the schedule, "Effects of Missoula Plan Restructure Mechanism and Federal Benchmark Mechanism," reflects no impact in the Low Rate Adjustment category for Texas.

TSTCI has reviewed data from a majority of its member companies, and while all member companies fall into Category C because Texas does have a State USF, many of the TSTCI companies also fall into the Low Rate Adjustment category. (Companies in the Low Rate Adjustment category have average residential revenues after the Missoula Plan SLC below the low benchmark of \$20. The Low Rate Adjustment would reduce these companies' draw from the RM and would increase the Missoula Plan SLC additive up to \$4.25). TSTCI would like additional clarification as to how the plan would affect companies in this situation (qualifying for Category C as well as Low Rate Adjustment).

In addition, TSTCI understands that the data provided to the FBM sponsors was not complete and that the sponsors did not receive statewide data on the effects of the plan from the Public Utility Commission of Texas. As a result, TSTCI believes that the data shown in the FBM filing for Texas does not accurately reflect the results of the FBM on all companies in the state, particularly the small ILECs. Consequently, TSTCI has concerns about unconditionally supporting the FBM proposal without having an opportunity to review complete results for all Texas companies.

Second, TSTCI is concerned with the minimum and maximum benchmarks of \$20 and \$25. The FBM seems to be based on the premise that local service rates for all consumers in the country should be between \$20 and \$25. While these benchmarks may be reasonable, the FBM plan does not include any supporting data or analysis as to how these particular rate benchmarks were determined. TSTCI would like to have a better understanding of the rationale for the \$20 and \$25 benchmarks.

Third, TSTCI does not understand how the plan would be implemented. What exactly would be the responsibilities of the state commissions and the companies for implementing the plan? How would residential lines be defined? In particular, more specifics are needed on the revenue effects: (1) Which companies would qualify for certain categories of the FBM and what would the revenue effects be on each company and the company's customers? (2) What would be the specific effects on the State USF Per Line for customers of affected companies?

In particular, TSTCI would like more clarification of the definition of "State USF per Line"<sup>2</sup> and what impact, if any, the plan would have on the funding a Texas company would receive from the Texas USF fund. TSTCI's interpretation is that the plan would have no impact on a company's TUSF funding, but since TUSF funding is so important to TSTCI member

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<sup>2</sup> FBM, p. 3.

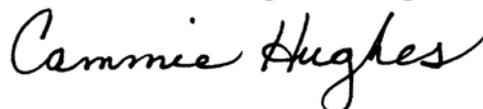
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**March 28, 2007**

companies, TSTCI would like that issue to be clarified so that there is no question about it. In general, TSTCI would like to see more details and more explanation about the specifics of the plan and about how it would impact the small Texas ILECs.

In summary, TSTCI strongly supports the principle behind the FBM of promoting equity among companies and states and taking into account the effects of the Missoula Plan on the “early adopter” states. TSTCI appreciates the efforts of the FBM sponsors to find solutions to these complex issues. TSTCI understands that the proposed FBM is a work-in-progress, and while TSTCI appreciates the FBM sponsors’ efforts to tackle these difficult issues, TSTCI would like to see more complete data on the plan’s effects, especially on Texas companies, and additional clarification as to how it would be implemented in order for TSTCI to take a fully informed position on this very complex and important proposal.

Respectfully submitted,

Texas Statewide Telephone Cooperative, Inc.



By: Cammie Hughes  
Authorized Representative

**TEXAS STATEWIDE TELEPHONE COOPERATIVE, INC.**

Alenco Communications, Inc.  
Big Bend Telephone Company, Inc.  
Brazos Telecommunications, Inc.  
Brazos Telephone Coop., Inc.  
Cameron Telephone Company  
Cap Rock Telephone Coop., Inc.  
Central Texas Telephone Coop., Inc.  
Coleman County Telephone Coop., Inc.  
Colorado Valley Telephone Coop., Inc.  
Comanche County Telephone Company, Inc.  
Community Telephone Company, Inc.  
Cumby Telephone Coop., Inc.  
Dell Telephone Coop., Inc.  
E.N.M.R. Telephone Coop., Inc.  
Eastex Telephone Coop., Inc.  
Electra Telephone Company  
Etex Telephone Coop., Inc.  
Five Area Telephone Coop., Inc.  
Ganado Telephone Company, Inc.  
Industry Telephone Company, Inc.  
La Ward Telephone Exchange, Inc.  
Lake Livingston Telephone Company  
Lipan Telephone Company  
Livingston Telephone Company  
Mid-Plains Rural Telephone Coop., Inc.  
Nortex Communications, Inc.  
North Texas Telephone Company  
Panhandle Telephone Coop., Inc.  
Peoples Telephone Coop., Inc.  
Poka Lambro Telephone Coop., Inc.  
Riviera Telephone Company, Inc.  
Santa Rosa Telephone Coop., Inc.  
South Plains Telephone Coop., Inc.  
Tatum Telephone Company  
Taylor Telephone Coop., Inc.  
Wes-Tex Telephone Coop., Inc.  
West Plains Telecommunications, Inc.  
West Texas Rural Tel. Coop., Inc.  
XIT Rural Telephone Coop., Inc.