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

In the Matter of:	
High-Cost Service Support	WC Docket No. 05-337
Federal-State Joint Board on Universal Service	CC Docket No. 96-45

COMMENTS OF THE RURAL IOWA INDEPENDENT TELEPHONE ASSOCIATION

On January 9, 2008, the Commission adopted an order seeking comment on issues related to Universal Service Fund distributions to competitive eligible telecommunications carriers (CETCs) serving rural insular and high cost areas. Among the proposals made in the Notice of Proposed Rulemaking (NPRM), is a proposal to eliminate the identical support rule, under which a competitive carrier is compensated on a per-access line basis at the same rate as the incumbent. RIITA supports this proposal

RIITA is a non-profit association of rural independent telephone companies, representing approximately one hundred and thirty Iowa incumbent local exchange carriers. RIITA's membership is restricted to mutual telephone companies in which at least fifty percent of the users are owners, co-operative telephone corporations or associations, and telephone companies having less than fifteen thousand customers and less than fifteen thousand access lines that serve rural Iowa and are incumbent local exchange carriers (ILECs) as defined in the 1996 Telecommunications Act. Approximately one-half of our member companies serve communities with fewer than 1000 access lines. All RIITA

members are ILECs and all RIITA members are Eligible Telecommunications Carriers (ETCs). Only an extremely small percentage of those communities have wireline local exchange competitors; many have wireless carriers serving portions of their communities that are also ETCs.

RIITA has repeatedly filed comments opposing the identical support rule, including in this docket while the matter was pending before the Joint Board. Competitive local exchange carriers should receive support based on their own costs of service. Indeed, there have been two primary reasons for the growth of the fund. One, the granting of Eligible Telecommunications Carrier status by state public utility commissions that should not have been granted at all. And two, the identical support rule.

In September 2002, docket number RM-10522, RIITA commented to the Commission:

> The rules providing for "identical support" to competitors were based on the theory that they would promote "competitive neutrality," an additional universal service principle adopted by the Commission in 1997 but not listed in the 1996 Telecommunications Act. The rules, however, have had the opposite effect. They have created unfair competitive advantages for CETCs and imposed an undue burden on the public in the process. Competitive neutrality is a fiction because CETCs do not have the carrier of last resort obligations that are imposed on incumbent local exchange carriers (ILECs). Moreover, wireless CETCs getting the same support as ILECs are often held to a different service quality standard than that of ILECs and they do not have equal access obligations like the ILECs. In the long run, the consumer will not benefit from rules which view high cost and access support as opportunities to create competition instead of sustaining affordable and comparable service in rural, high-cost and insular areas. The escalating support to CETCs demonstrates that an expedited proceeding is needed to address the distortions that are created by the gaps in the Commission's rules.

The years since 2002 have added further evidence that the identical support rule does not accomplish its own intended goal of creating competitive neutrality. Instead, it works to provide funds to competitive carriers entirely unrelated to their cost of doing business and needlessly drives up the size of the Universal Service Fund. RIITA supports abandoning the rule as provided in this NPRM.

The NPRM also seeks comments on specific issues related to determining costs for a competitive ETC. In general, RIITA supports the idea, raised in paragraph 16 of the NPRM that competitive ETCs should identify total costs for all study areas or wire centers in addition to specific costs associated with the study area or wire center. This is in line with the purpose of universal service to provide reasonable cost service in high cost areas. A small provider in a high-cost area will need more support than a provider in many low cost areas that serves one small exchange. RIITA supports the Commission's conclusion in paragraph 17 of the NPRM, that spectrum costs should be included only to the extent that the competitive ETC actually paid for the spectrum. In addition, RIITA supports the idea in paragraph 21 of the NPRM that per-line support should be based on the projected subscribership when a competitor is beginning service and serving relatively few customers.

To the extent RIITA does not comment on other details of the NPRM's discussion of implementing new cost rules, RIITA notes that the ultimate goal of the rules should be to allow recovery of the other carriers actual cost of providing service. RIITA thanks the Commission for moving forward with the present proposal of the Joint Board and encourages speedy elimination of the identical support rule.

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