

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

In the Matter of)
) MD Docket No. 08-65
Assessment and Collection of Regulatory) RM-11312
Fees for Fiscal Year 2008)

**NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
REPLY COMMENTS**

The National Telecommunications Cooperative Association (NTCA)¹ responds to the initial comments filed September 25, 2008 regarding the Federal Communications Commission's (Commission's or FCC's) August 13, 2008 Report and Order and Further Notice of Proposed Rulemaking (FNPRM).² The Commission released additional information regarding the FNPRM, the \$312 million fiscal year 2008 (FY 2008) regulatory fees, and full time employee (FTE) count updates in its Office of Managing Director (OMD) supplemental September 3, 2008 Public Notice (OMD Notice).³ In the FNPRM and the OMD Notice, the Commission sought comment on ways that it can "explore more equitable and reasonable approaches to assessing regulatory fees."⁴ The Commission asked "whether certain fee categories bear too heavy a

¹ NTCA is the premier industry association representing rural telecommunications providers. Established in 1954 by eight rural telephone companies, today NTCA represents over 585 rural rate-of-return regulated incumbent local exchange carriers (ILECs). All of its members are full service local exchange carriers, and many members provide wireless, cable, Internet, satellite and long distance services to their communities. Each member is a "rural telephone company" as defined in the Communications Act of 1934, as amended (Act). NTCA members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities.

² *In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2008*, MD Docket No. 08-65, RM 11312, Report and Order and Further Notice of Proposed Rulemaking (rel. Aug. 13, 2008) (FNPRM); 47 U.S.C. §159(a).

³ Public Notice, *Office of the Managing Director Releases Data to Assist Commenters on Issues Presented in Further Notice of Proposed Rulemaking Adopted on August 1, 2008*, MD Docket No. 08-65 (rel. Sept. 3, 2008) (OMD Notice), Attachment A.

⁴ FNPRM, ¶ 30.

regulatory burden and if other fee categories should be responsible for a larger share of the total regulatory fees collected by the agency.”⁵

NTCA, on behalf of its small rural ILEC members, joins other commenters in urging the Commission to update its calculation of full time employees (FTEs) as the best means to fairly allocate regulatory fees among expense categories. As noted in the Commission’s FNPRM, the FTE count for regulatory fee assessment calculation has not been updated since 1994.⁶ Since that time, the Commission has restructured its offices and created the Enforcement Bureau and the Public Safety and Homeland Security Bureau. These substantial changes merit reflection in the FTE count.

If the Commission does not update its FTE count, then those carriers in the category of Interstate Telecommunications Service Providers (ITSP), which includes all wireline providers and all of NTCA’s incumbent local exchange carriers (ILECs), will continue to be over-assessed. The FNPRM and the OMD Notice shows that the current wireline ITSP category is obligated to pay 46.82% (\$146,771,000) of the Commission’s fiscal year 2008 regulatory fees, although the OMD Notice shows that the Wireline Competition Bureau, the prime venue for ILECs and the ITSP category, incurred just 23% of the FCC’s FY 2008 total costs.⁷ Furthermore, the Wireline Competition Bureau has 21.35% of the FTEs in the four core FCC bureaus.⁸ Using updated FTE

⁵ *Id.*, ¶¶ 30, 31; OMD Notice, p. 1.

⁶ FNPRM, ¶¶ 27, 30.

⁷ *Id.*, ¶ 28; OMD Notice, Attachment D.

⁸ FNPRM, ¶ 28; OMD Notice, Attachment C (171 FTEs WCB/801 FTEs total).

counts as the basis for calculating regulatory fee assessment would reduce the ITSP burden to about half of its current amount.⁹

The wireline ITSP category currently bears an unfairly large proportionate regulatory fee burden given the changes in the Commission structure and the telecommunications industry over the past 14 years. The burden should be shifted to reflect a more accurate FTE count within the Commission. USTA, AT&T, and ITTA agree with NTCA in urging the Commission to revise its FTE count to better reflect the fair regulatory fee assessment load.¹⁰

For these reasons, the Commission should use updated calculation of full time employees (FTEs) as the best means to fairly allocate regulatory fees among expense categories and among the service platforms.

Respectfully submitted,

**NATIONAL TELECOMMUNICATIONS
COOPERATIVE ASSOCIATION**

By: /s/ Daniel Mitchell
Daniel Mitchell

By: /s/ Karlen Reed
Karlen Reed

Its Attorneys

4121 Wilson Boulevard, 10th Floor
Arlington, VA 22203
(703) 351-2000

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⁹ Compare OMD Notice, Attachments A and C.

¹⁰ AT&T Comment at 3; ITTA Comment at 8; USTA Comment at 2.

CERTIFICATE OF SERVICE

I, Adrienne L. Rolls, certify that a copy of the foregoing Reply Comments of the National Telecommunications Cooperative Association in MD Docket No. 08-65, FCC 08-182, was served on this 27th day of October 2008 by first-class, United States mail, postage prepaid, or via electronic mail to the following persons:

Chairman Kevin J. Martin
Federal Communications Commission
445 12th Street, SW, Room 8-B201
Washington, D.C. 20554
Kevin.Martin@fcc.gov

Commissioner Deborah Taylor Tate
Federal Communications Commission
445 12th Street, SW, Room 8-A204
Washington, D.C. 20554
Deborah.Tate@fcc.gov

Commissioner Michael J. Copps
Federal Communications Commission
445 12th Street, SW, Room 8-B115
Washington, D.C. 20554
Michael.Copps@fcc.gov

Commissioner Jonathan S. Adelstein
Federal Communications Commission
445 12th Street, SW, Room 8-A302
Washington, D.C. 20554
Jonathan.Adelstein@fcc.gov

Commissioner Robert M. McDowell
Federal Communications Commission
445 12th Street, SW, Room 8-C302
Washington, D.C. 20554
Robert.McDowell@fcc.gov

Best Copy and Printing, Inc.
Federal Communications Commission
445 12th Street, SW, Room CY-B402
Washington, D.C. 20554
fcc@bcpiweb.com

Kenneth E. Hardman
AAPC
2154 Wisconsin Ave., NW, Suite 250
Washington, D.C. 20007-2280
kenhardman@att.net

Theodore C. Marcus
Gary L. Phillips
Paul K. Mancini
AT&T Inc.
1120 20th Street, NW, Suite 1000
Washington, D.C. 20036

Susan Eid
Stacy R. Fuller
DIRECTV, Inc.
901 F Street, Suite 600
Washington, D.C. 20004

Linda Kinney
Bradley Gillen
DISH Network LLC
1233 20th Street NW, Suite 302
Washington, D.C. 20036

Elizabeth R. Sachs
Tamara Davis-Brown
Lukas, Nace, Gutierrez & Sachs, Chartered
1650 Tysons Blvd., Suite 1500
McLean, VA 22102

Alan G. Fishel
Arent Fox LLP
1060 Connecticut Ave., NW
Washington, D.C. 20036-5339

Joshua Seidemann
ITTA
975 F Street, NW, Suite 550
Washington, D.C. 20004

Daniel L. Brenner
Neal M. Goldberg
Steven F. Morris
NCTA
25 Massachusetts Ave., NW, Suite 100
Washington, D.C. 20001-1431

Michael Fitch
Don Andrew
Michael D. Saperstein, Jr.
PCIA
901 N. Washington St., Suite 600
Alexandria, VA 22314

Martin L. Stern
K&L Gates LLP
1601 K Street, NW
Washington, D.C. 20006

Corwin D. Moore, Jr.,
Personal Radio Steering Group, Inc.
P.O. Box 2851
Ann Arbor, Min 48106
prsg@provide.net

Jonathan Banks
David Cohen
United States Telecom Association
Its Attorneys
607 14th Street, NW, Suite 400
Washington, D.C. 20005

Edward Shakin
Mark J. Montano
VERIZON
1515 North Court House Rd., Suite 500
Arlington, VA 22201-2909

/s/ Adrienne L. Rolls
Adrienne L. Rolls