



THE ALLIANCE

The Alliance of North Carolina Independent Telephone Companies

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Robert O. Wells
Executive Director

Notice of Ex Parte Presentation (47 C.F.R. § 1.1204(10))

October 24, 2008

The Honorable Kevin Martin, Chairman
The Honorable Deborah Taylor Tate, Commissioner
The Honorable Michael Copps, Commissioner
The Honorable Jonathan Adelstein, Commissioner
The Honorable Robert McDowell, Commissioner

Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

FILED/ACCEPTED

OCT 31 2008

Federal Communications Commission
Office of the Secretary

RE: INDUSTRY MOTION/REQUEST FOR PUBLIC COMMENT ON RECENTLY CIRCULATED "REPORT AND ORDER, ORDER ON REMAND, AND FURTHER NOTICE OF PROPOSED RULEMAKING" ON UNIVERSAL SERVICE AND INTERCARRIER COMPENSATION REFORM.

Commissioners:

The Alliance of North Carolina Independent Telephone Companies¹ ("The Alliance") respectfully requests the FCC adopt the recommendations set forth by NARUC in its October 21, 2008 letter to the FCC Commissioners. Specifically, The Alliance believes that all stakeholders impacted, directly or indirectly, by a new intercarrier compensation regime would benefit from the opportunity to review and comment on the 167 page draft Order. The Alliance companies cannot fully assess the financial impacts contained in the proposed reform and the associated uncertainty makes it difficult to determine the viability of future business plans.

The Alliance realizes that intercarrier compensation reform is necessary and reform is supported by our companies. The Alliance believes that the public interest is better served if parties have a reasonable opportunity to review and comment on proposed changes of this magnitude.

Respectfully,

Robert O. Wells
Executive Director
Alliance of North Carolina
Independent Telephone Companies

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¹The Alliance of North Carolina Independent Telephone Companies includes North Carolina State Telephone Company, MebTel, Inc., Citizens Telephone Company, Ellerbe Telephone Company, and Lexcom, Inc.

Stop The Vote on The FCC's Proposed Order

The "Intercarrier Compensation" Proposal Would Harm Rural Consumers by Raising Rates and Slowing Broadband Deployment

The FCC is considering a proposed order which, if adopted, could dramatically alter the cost and availability of rural telecommunications and broadband in your state. The order's apparent goal is to radically reduce \$4 billion of "intercarrier compensation" – payments for traffic exchanged between telecom companies used to maintain affordable phone service and bring broadband to rural areas – and shift those costs to rural America. According to Consumers' Union the proposal could result in a potential billion-dollar give away to the largest, urban-focused, telecom companies, paid for by millions of rural consumers and businesses.

The FCC Proposal Would Raise Consumer Phone Bills – The FCC proposal would result in significant rate increases to millions of rural consumers – from several dollars a month to almost \$10 a month – without mandating any offsetting price decreases by the largest integrated telecom carriers who stand to reap billions in cost savings annually. This will force many low income and senior citizens in rural areas to choose between basic necessities and essential telecommunication services, including reliable 911 and broadband access.

The FCC Proposal Would Decrease Rural Broadband Investment – The FCC proposal would undercut, not encourage broadband investment. It would eliminate billions of dollars in funding – the very funding that rural providers use today to build broadband in rural America. The proposal claims to achieve 100% broadband availability to all Americans. In reality it would produce an unfunded mandate and make achieving such a goal virtually impossible for the foreseeable future.

The FCC Proposal Would Put Rural Development/Jobs at Risk – The FCC proposal would slow economic development efforts in many rural communities that rely on broadband connectivity to compete in the global economy. It would also put at risk thousands of high paying, high tech jobs in rural communities.

The FCC Proposal Would Compound Market Instability – At a time when the American economy is facing extraordinary uncertainty, the FCC's proposal would inject further instability in an industry vital to economic growth – and the negative repercussions will be directly felt on "Main Street."

The FCC Proposal Would Preempt State Commission Authority – Some state commissioners have already raised concerns about preemption. The order appears to preempt state jurisdiction over VoIP services and appears to limit their ability to set any intercarrier compensation rates, leaving much of the rebalancing burden in the state's hands. Stopping the vote would provide state commissions more time to better understand their role and the proposal's impact on their jurisdiction.

An Election Day Surprise? To top it off, the FCC is using a court-mandated deadline to decide one part of this order – November 4th, Election Day – to justify rushing to judgment on the remainder of it that is so harmful to rural America. The FCC should hold the vote it needs to hold on November 4th but postpone the rest of its decision until Congress is able to understand its full impact on rural America. An issue of this importance deserves nothing less than the full attention of both Congress and the FCC.

Please contact *all* FCC Commissioners today to ask them to Stop The Vote on this plan until the FCC has more time to consider its impacts on rural America.

Chairman Kevin Martin
Commissioner Debra Tate
Commissioner Robert McDowell
Commissioner Michael Copps
Commissioner Jonathan Adelstein