

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

In the Matter of	)	
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Universal Service Contribution Methodology	)	WC Docket No. 06-122
	)	
Numbering Resource Optimization	)	CC Docket No. 99-200
	)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Intercarrier Compensation for ISP-Bound Traffic	)	CC Docket No. 99-68
	)	
IP-Enabled Services	)	WC Docket No. 04-36

**COMMENTS OF THE EQUAL ACCESS SERVICE PROVIDERS**

Iowa Network Service, Inc. (“INS”), Onvoy, Inc. (“Onvoy”), and South Dakota Network, LLC (“SDN”) hereby submit comments in the above-referenced dockets regarding the comprehensive reform of intercarrier compensation. INS, Onvoy, and SDN are Centralized Equal Access (CEA) providers in the states of Iowa, Minnesota, and South Dakota, respectively. The CEA providers' core business and business purpose is the provision of equal access to rural incumbent local exchange carriers (“rural ILECs”) on a centralized basis. As such, the networks are highly dependent on the existing tandem access charge structure for interstate and intrastate operations. All three CEA providers’ centralized equal access service rates are closely regulated by their respective state commissions as well as the FCC. As a result, if the Commission’s proposed orders, which entail the dramatic reduction of interstate and intrastate access charges,

are applied to CEA providers, this could impact these CEA providers and/or the rural ILECs they serve.

Owing to the difficult economics of serving rural areas and the need for affordable equal access by interexchange carriers, the CEA providers were authorized by the FCC and their state commissions to construct and operate statewide fiber networks and equal access tandems. The CEA networks act as a hub, concentrating demand in rural markets and providing equal access functionality to subtending rural ILECs on a centralized basis. These services, the historical background of the centralized networks, and the detailed metrics about them are more fully described in filings earlier made in this proceeding.<sup>1</sup> The views articulated in 2005 in the CEA providers' comments are no less relevant here.

The Chairman's Draft Proposal<sup>2</sup> and the Alternative Proposal<sup>3</sup> both propose to drastically reduce intra- and interstate access rates. Although it is not at all clear that the proposals apply to the CEA providers, the CEA providers pointed out in previous comments that any access reduction could have detrimental consequences for the ILECs served by the CEA networks and therefore, the CEA networks. Intrastate and interstate access rates are the only source of revenue for the CEA service. The CEA providers do not have end-users, and hence collect no Subscriber Line Charges; nor do they have access to the Universal Service Fund, as the CEA providers do not fall within the statutory definition of a local exchange carrier.

Consequently the current intercarrier compensation reform proposals do not appear to apply to the CEA providers, nor should they, given the unique public interest factors that underlie the construction and continued operation of these networks. The CEA providers are regulated on a rate-of-return basis and their earnings are closely monitored in earnings reports filed with the Commission. The Commission is accordingly urged to refrain from applying the

---

<sup>1</sup> The CEA providers filed Comments of the Equal Access Providers, Docket 01-92 (filed May 23, 2005), Reply Comments of the Equal Access Service Providers, Docket 01-92 (filed February 1, 2007), Ex Parte Presentation by Iowa Network Services, Inc., Onvoy, Inc., and South Dakota Network, LLC, Docket 01-92 (filed May 12, 2005). In those filings, the three networks expressed concern over the earlier proposals that would have reduced access rates less than proposed in this proceeding. The basic facts presented to the Commission about the operating characteristics of the networks have changed little.

<sup>2</sup> *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service; Lifeline and Link Up; Universal Service Contribution Methodology; Numbering Resource Optimization; Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Developing a Unified Intercarrier Compensation Regime; Intercarrier Compensation for ISP-Bound Traffic; IP-Enabled Services*, CC Docket Nos. 96-45, 96-98, 99-68, 99-200, 01-92, WC Docket Nos. 03-109, 04-36, 05-337, 06-112, Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, November 5, 2008, at Appendix A

<sup>3</sup> Id. at Appendix C

current proposals to the CEA providers, and to continue to support the efficiency and technology these companies provide to rural customers.

Respectfully submitted,

/s/ Richard Vohs  
Richard Vohs  
President  
Iowa Network Services, Inc.

/s/ Fritz Hendricks  
Fritz Hendricks  
President  
Onvoy, Inc.

/s/ Mark S. Shlanta  
Mark S. Shlanta  
CEO  
South Dakota Network, LLC

/s/ Jon Frankel  
Jon Frankel  
Counsel for Onvoy, Inc.  
Bingham McCutchen, LLP  
2020 K Street NW  
Washington, DC 20006

Dated: November 26, 2008