

December 5, 2008

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW, TW-A325
Washington, D.C. 20554

Ex Parte Notice: In the Matter of Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Universal Service Contribution Methodology, CC Docket 96-45, and IP-Enabled Services, WC Docket 04-36.

Dear Ms. Dortch:

On Thursday, December 4, 2008, Rich Coit with the South Dakota Telecommunications Cooperative (Pierre, SD), Jerry Reisenauer with the West River Telecommunications Cooperative (Bison, SD), and Daniel Mitchell, with NTCA met with Commissioner Jonathan Adelstein and Scott Bergmann to discuss issues raised in the above referenced dockets. NTCA's comments and positions during the meeting were consistent with NTCA's previous pleadings in these dockets. In addition, Jerry Reisenauer gave a presentation which is enclosed with this letter.

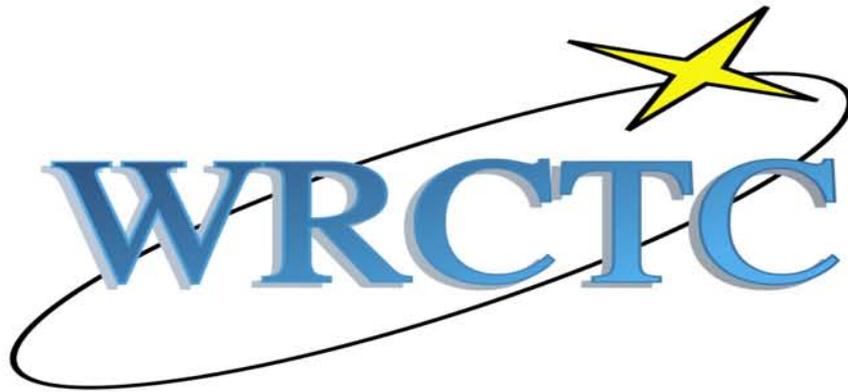
Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter and the enclosed powerpoint presentation are being filed via ECFS with your office. If you have any questions, please do not hesitate to contact me at (703) 351-2016.

Sincerely,

/s/ Daniel Mitchell
Daniel Mitchell
Vice President
Legal and Industry

DM:rhb
Enclosure

cc: Commissioner Jonathan Adelstein
Scott Bergmann
Scott Deutchman
Nick Alexander
Greg Orlando
Amy Bender
Dana Shaffer
Marcus Maher
Al Lewis
Randy Clarke



ICC and USF Reform

West River Cooperative Telephone Company

Jerry Reisenauer, General Manager

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jreisenauer@sdplains.com

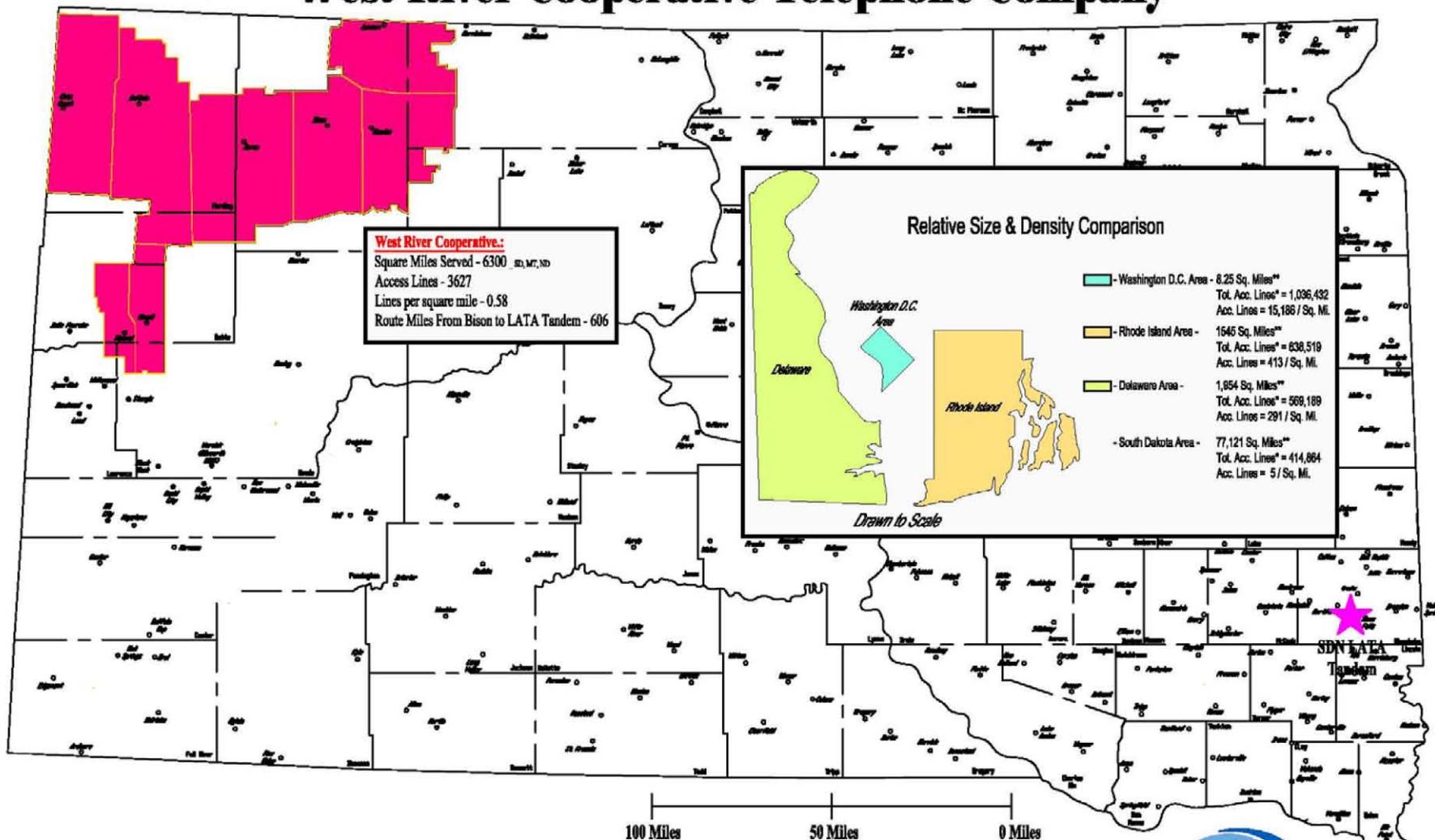
Company Statistics

- ▶ 55 year-old company headquartered in Bison, South Dakota
- ▶ Serves 8 exchanges in Northwestern South Dakota
 - ▶ Service area spans approximately 6,300 square miles
 - ▶ Approximately 0.58 access lines per square mile
 - ▶ Includes 5 rural exchanges purchased from US West/Qwest
- ▶ Currently serves approximately 3,600 access lines
 - ▶ Estimated median household income in 2007 – range of \$25,400 to \$42,492 for all exchanges*
 - ▶ 15% to 49% less than national average**

*Source: www.city-data.com

**Source: US Census Bureau

West River Cooperative Telephone Company



* - Source: Industry Analysis Technology Division, Wireless Competition Bureau, Trends in Telephone Service (February 2007)

** - Source: US States: Area Ranking, US States (plus Washington D.C.) Area and Ranking, <http://www.ncmi.com/learning/usa/states/area.shtml> (February 27, 2007)



Recent Network Upgrades

- ▶ 12/31/04 Total Plant in Service - \$25,707,000
- ▶ 12/31/08 Total Plant in Service Projection - approximately \$49,000,000
 - ▶ Some recent upgrades include:
 - ▶ 2006-2007
 - Significant local loop upgrades (FTTH) in 4 exchanges - \$4.2M
 - Over 410 miles of outside plant reaching 477 customers
 - New soft switch installed in Bison exchange
 - New broadband transport electronics installed in all 8 exchanges - \$840k
 - ▶ 2008
 - Significant local loop upgrades (FTTH) in 4 exchanges - \$5.6M
 - Over 460 miles of outside plant reaching 1,480 customers

WRCTC Investment Summary

What We Are Doing For Our Customers:

	2006	2007	2008 (Proj'd)
CapEx	\$5.2M	\$5.8M	\$8.9M
Per AL	\$1,389	\$1,597	\$2,442
USF*	\$2.5M	\$2.8M	\$3.6M
Per AL	\$667	\$783	\$1,002

Depreciation = Additional \$500-\$800/AL

Planned Upgrades - Pending

▶ 2009 Plans

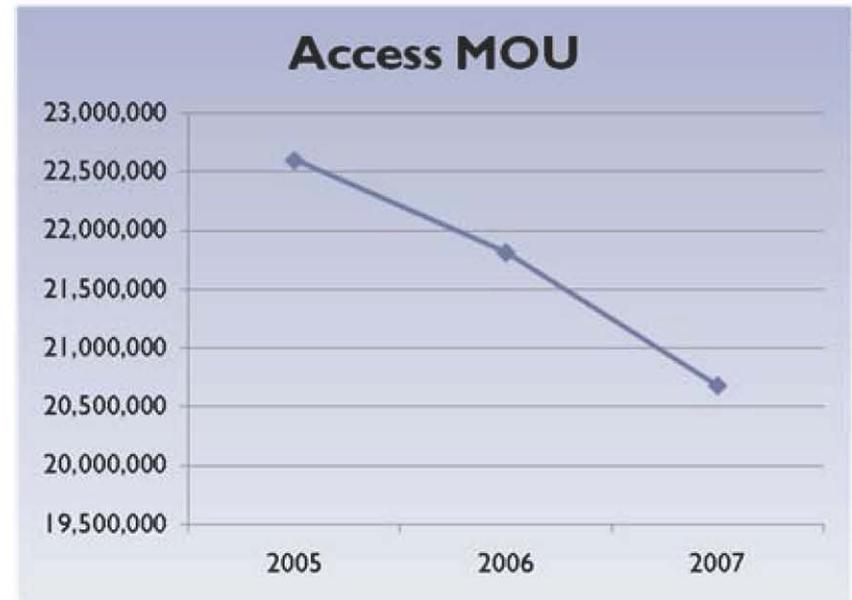
- ▶ Continue to aggressively replace aging OSP with fiber
- ▶ Replace 2 switches
- ▶ Additional transport and building facility upgrades
- ▶ Capital expenditures are projected to be approximately \$9 million

▶ Beyond 2009

- ▶ Continue to replace aging facilities to meet user demands
- ▶ Facility Upgrades often cost \$5,000 or more for each rural customer

Access Revenues are Critical to Serve Customers

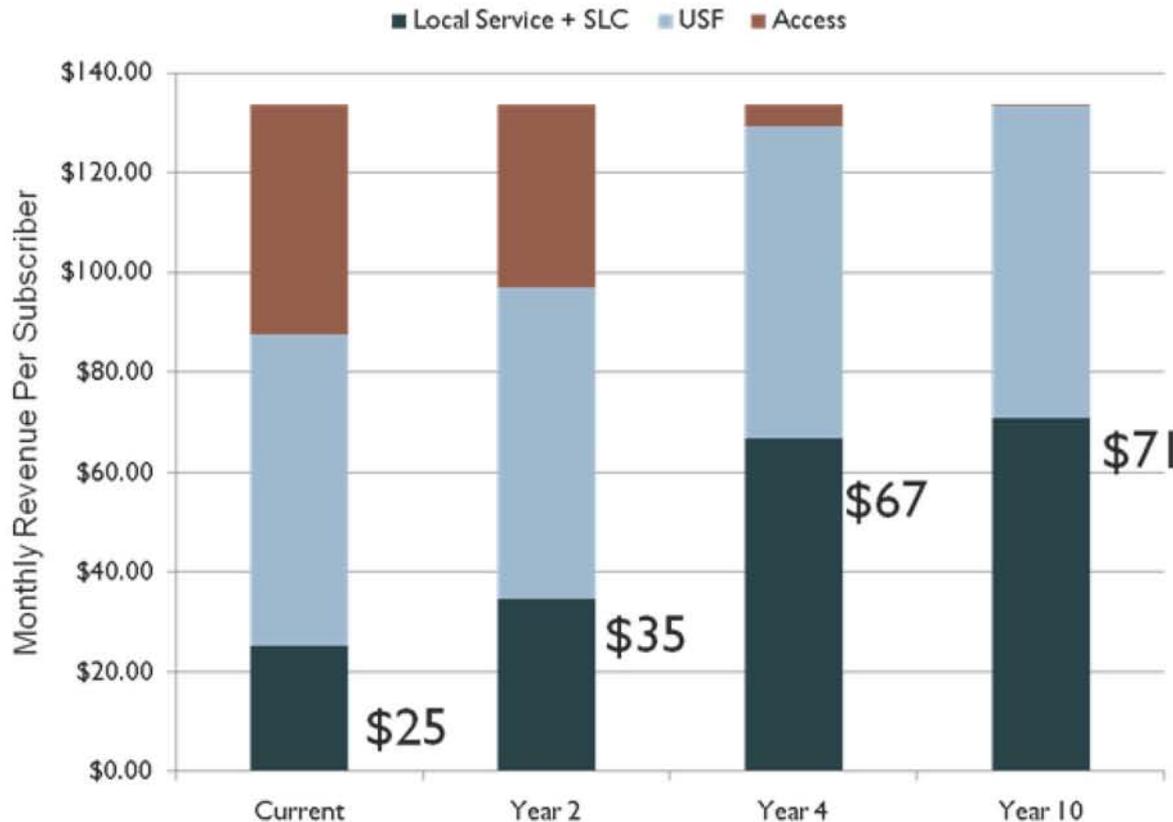
- ▶ Reduction in access rates would be detrimental
 - ▶ Shifts unreasonable burden to customer
- ▶ Exempting certain carriers (VoIP) from access creates inequities among carriers
 - ▶ Most carriers would use VoIP to avoid access
 - ▶ Would exacerbate access loss



Rate	\$0.125/min.	\$0.079/min.
Billed	\$1,003,404	\$998,548
Per AL	\$276	\$274

*Intrastate rate currently recovers only 79% of intrastate costs.

Unreasonable Burden Would Shift to Customers



Local Service Rates would need to increase by over 180%

Assumptions:

Year 2:
Intrastate Rate Reduced to Interstate Rate

Year 4:
Interstate and Intrastate Rates Reduced to Assumed Recip. Comp. Rate of \$0.01/min.

Year 10:
Interstate and Intrastate Rates Reduced to Rate of \$0.0007/min.

Loss of access lines and access minutes could add additional costs to local service rate, which is not reflected in the above graph.

Summary

- ▶ Access (or similar) required to continue to adequately serve customers
- ▶ Some access avoidance problems could be resolved by confirming VoIP services are subject to intercarrier compensation like other voice telephone services
- ▶ WRCTC is upgrading network to provide voice and advanced services using most efficient and cost effective technologies known
- ▶ Capping USF will prohibit network improvements
 - ▶ Could impact WRCTC's ability to repay existing loans