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FILED/ACCEPTED

SEP 24 2009

Federal Communications Commission
Office of the Secretary

September 24, 2009

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Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: Section 54.209 Filing of
North Central Telephone Coop, Inc.**

Dear Ms. Dortch:

On behalf of North Central Telephone Cooperative, Inc. (the "Company"), attached hereto is the Company's proposed plan filed in response to the requirements of Section 54.209 of the Commission's Rules. For the reasons stated in the attached, and without waiver of its rights with respect to the applicability to it of the requirements of Section 54.209 of the Commission's Rules, the Company has also provided the additional information required of Eligible Telecommunications Carriers that the FCC has designated. *See In the Matter of Federal-State Joint Board on Universal Service, Report and Order, CC Docket No. 96-45, FCC 05-46, released March 17, 2005; 47 C.F.R. §54.209.*

A copy of the public version of this filing is also being provided this day to the Universal Service Administrative Company at its Washington, D.C., offices. Likewise, a request for confidential treatment of certain of the information contained in Attachment A to the Company's plan is being filed separately.

Please acknowledge receipt on the duplicate "stamp and return" document attached for this purpose. All correspondence and inquiries concerning this filing should be addressed to the undersigned.

Sincerely,



Thomas J. Moorman
Counsel to

North Central Telephone Cooperative, Inc.

cc: Ms. Karen Majcher, Universal Service Administrative Company

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**47 C.F.R. §54.209 Information Submission of
North Central Telephone Cooperative, Inc.
in Support of Section 254(e) Certification for Calendar Year 2010**

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This submission of additional information on behalf of North Central Telephone Cooperative, Inc. (the "Company") is in response to recent action taken by the Federal Communications Commission ("Commission" or the "FCC") in its federal Universal Service Fund ("USF") proceeding. *See In the Matter of Federal-State Joint Board on Universal Service, Report and Order*, CC Docket No. 96-45, FCC 05-46, released March 17, 2005 (the "*Report and Order*"); 47 C.F.R. §54.209. As in prior years, for the reasons stated below, however, this submission is made by the Company without waiver of its rights with respect to the applicability of the requirements of the *Report and Order* to it.

As has been previously noted by the Company in its prior submissions, the circumstances confronting the Company and the requirements it must meet with respect to its annual Section 254(e) certification were not addressed in the *Report and Order*. The requirements arising from the *Report and Order* address the situation where an entity seeks Eligible Telecommunications Carrier ("ETC") designation from the FCC and where, once designated by the FCC, that ETC files its annual Section 254(e) certification with the FCC. Thus, and with respect to the latter Section 254(e) certification, the requirements of Section 54.209 of the Commission's rules are explicitly applicable to only those entities that have been designated by the FCC.

As the Commission's records reflect, the FCC has not designated the Company as an ETC. Rather, the Company, which is a rural telephone company operating within the State of Tennessee, was designated an ETC by the Tennessee Regulatory Authority (the "TRA"), which does not assert regulatory authority over the on-going operations of the Company nor does the TRA annually certify the Company to be in compliance with Section 254(e). Accordingly, the Company has historically filed its annual Section 254(e) certification with the FCC, and, absent changed circumstances, will continue to do so.

Nonetheless, and in order to avoid any question regarding its eligibility to continue to receive uninterrupted federal USF disbursements for the entire calendar year 2009, the Company, like it did in its 2006 through 2008 submissions, submits this information in response to Section 54.209(a). As indicated above, this information is being submitted without waiver as to the applicability of Section 54.209 to the Company. Yet, this submission is made to demonstrate the Company's effort to comply in good faith with all applicable FCC requirements in the event that there is an expectation that the requirements of Section 54.209 of the Commission's Rules and the underlying policies stated in the *Report and Order* would apply to the specific situation confronting the Company.

The Company's status under applicable FCC USF rules and its Study Area number are provided below.

| | |
|----------------|-------------------------|
| Status: | Rural Telephone Company |
| Study Area No: | 290573 |

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As an existing ETC designated by the TRA, the Company's filing updates its Plan filed last year in a manner which it believes complies with the requirements of Section 54.209. Should the FCC determine that additional information is required of it, the Company will work with the FCC Staff to respond to such requests in a reasonable manner.

- A. A progress report on the Company's five-year service quality improvement plan, including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve signal quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled. The information shall be submitted at the wire center level. 47 C.F.R. §54.209(a)(1).**

As an incumbent local exchange carrier ("ILEC"), the Company has deployed its network within its service area (which is its "Study Area") to meet the historical and on-going demand for service that the end users located within its service area expect. As a telephone cooperative, its end users are its owners. Thus, the Company has every incentive to ensure that its network is provisioned, maintained and upgraded (*see* 47 U.S.C. § 254(e)) at a level that meets the service quality expectations of its end user/owners.

As a rural telephone company, the Company receives its federal USF based on its historical costs. By its compliance with specific FCC rules and procedures, the Company will be recovering only those prior period costs already determined to be necessary to advance universal service goals and objectives in rural areas of the country. As the Commission is aware, these costs are identified through the application of specific rules and procedures that it has prescribed. As an additional interstate allocation of its costs to provide universal service within its area (which is its "Study Area"), the USF disbursements have been and continue to be integral components of the Company's overall rate design, allowing its rates to its customers to remain at reasonable, affordable and reasonably comparable levels. As such, USF disbursements are not earmarked for any specific infrastructure provision, maintenance or upgrading project. Rather, the federal USF disbursements received by the Company have permitted it to continue to make service improvements as demand and technology warrant including replacement of existing network elements (copper loop, fiber optic transport facilities, switching facilities and software platform upgrades) and the maintenance of them.

At the same time, the Company can reasonably anticipate that its overall deployment and upgrading of its network would be curtailed where the continuity of proper levels of USF disbursements are not assured. Thus, absent assurance of adequate USF disbursement levels to the Company, the resulting recovery burden placed on local end users, all other things being equal, would result in unaffordable, unreasonable and non-reasonably comparable rates since federal USF disbursements for the Company in 2009 are anticipated to equate to approximately \$6.76 for High Cost Loop and Local Switching Support per-line per-month.

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As the FCC has recognized, and the specific language of the Act confirms, “service quality improvements in the five-year plan do not necessarily require additional construction of network facilities.” *Report and Order* at ¶23. The Act also does not limit the use of USF to only facilities provisioning, but also includes “maintenance” and upgrading” of such facilities. *See* 47 U.S.C. § 254(e). The permitted uses by smaller, rural ILECs is not surprising based on the fact that network deployment often involves “lumpy” investment cycles, a fact the FCC has recognized.¹ As an ILEC, the Company has already deployed its network to serve end users upon reasonable request and therefore is the “Carrier of Last Resort” within its Study area (as that term is commonly understood). Thus, the Company will continue to engage in routine network deployment, upgrades and maintenance of its network to meet its objective of providing universal service in a quality manner.

Based on its current practice, the Company’s planning horizon for its capital expenditures is two (2) years. In light of this practice and in an effort to respond in good faith to the requirements contained in Section 54.209, the Company provides the following information based on actual construction projects that are anticipated to occur during its planning horizon. For the calendar years outside of such planning horizon – calendar years 2012 to 2014 – the Company will continue to deploy the necessary infrastructure or to upgrade its existing infrastructure to meet its on-going universal service commitment to its end users/owners. In all events, however, the Company will continue to maintain its network its network to meet its obligations and will expend its resources in a manner consistent with the Requirements of Section 254(e) of the Act.

Attachment A hereto describes the Company’s major construction projects for its current planning period as well as those anticipated network up grades that it currently anticipates occurring through calendar year 2014. The projected start date and completion date for these projects has been provided along with estimates of construction costs and estimated number of subscribers to be served by each project. Its current plans during this time period include the rebuilding of outside plant and transport facilities in order to shorten local loop lengths, thereby continuing its commitment to provide quality local service to our end user customers with the hope of minimizing future maintenance expense. As noted in Attachment A, the Company’s current multi-year construction plans continue and, in the Company’s estimation, its current

¹ As the FCC has recognized, smaller telephone companies like the Company exhibit patterns of “lumpy investment.” *See, e.g., In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Federal-State Joint Board on Universal Service, Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation, Prescribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers, Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166, CC Docket Nos. 00-256, 96-45, 98-77 and 98-166, 16 FCC Rcd 19613, 19652-19653 (¶86), 19710 (¶235)(2001).* Thus, spikes in investment may occur sporadically as facilities or switching investments are upgraded or replaced, or as unforeseen circumstance arise. Moreover, future technological advancements in network will also need to be considered by the Company.

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projects are expected to be achieved during the time noted. Routine construction projects as well as those arising from unanticipated circumstances (e.g., weather, residential development and/or commercial expansion, etc.) will also be undertaken on an "as necessary" basis to address service issues and network requirements that may arise. Maintenance of all network facilities will likewise occur to ensure quality universal service to the customers that the Company serves. In the Company's view, these projects along with its historical and on-going operations and commitment to providing Universal Service within the entirety of the Study Area amply meet its on-going network improvement targets.

With respect to "coverage maps," it appears from the *Report and Order* that the underlying need for this information arose from the designation of a new wireless ETC rather than an existing ILEC like the Company. Because of its historical provisioning of facilities-based landline service throughout its service area, the request to attach "maps detailing progress towards meeting its plan targets" (*Report and Order* at ¶23) does not appear applicable. As indicated above, the Company provides service upon reasonable request to all end users physically located within its service area. In light of this service availability commitment, the Company provides the attached map of the Company's service area throughout which service is generally available. To that end, the Company notes that there are no households where the facilities of the Company cannot reasonably be made available.

During calendar year 2008, the Company received \$1,217,501.00 in federal USF associated with Local Service Support and High Cost Loop Support. As indicated above, the Company receives its federal USF through the application of explicit rules and procedures that are based on the Company's historical costs within its service area, which includes its exchange/wire center areas. Thus, the USF disbursements for calendar year 2008 that the Company received were for costs that had *already* been incurred by the Company and monies *already* spent.

- B. Detailed information on any outage, as that term is defined in 47 C.F.R. 4.5, of at least 30 minutes in duration for each service area in which an eligible telecommunications carrier is designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect (i) At least ten percent of the end users served in a designated service area; or (ii) A 911 special facility, as defined in 47 C.F.R. 4.5(e). 47 C.F.R. §54.209(a)(2).**

The Company reports that no such outage occurred during the most recent calendar year.

- C. Unfilled Requests for Services. 47 C.F.R. §54.209(a)(3).**

To the best of my information and belief, there were no unfulfilled requests for service during calendar year 2008

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D. Number of Complaints per 1000 lines. 47 C.F.R. §54.209(a)(4).

During calendar year 2008, and to the best of my information and belief, the Company received no complaints from the Commission for its operations which equates to no complaints per 1000 lines.

E. Service Quality Certification. 47 C.F.R. §54.209(a)(5).

Although the Company is not subject to the regulatory oversight of the TRA, the Company, to the best of my information and belief, meets the applicable service quality standards and consumer protection rules set forth by the TRA within its rules and regulations.

F. Emergency Functionality Certification. 47 C.F.R. §54.209(a)(6).

The Company has a reasonable amount of back-up power to ensure functionality without an external power source for a reasonable period of time. While the Company has engineered its network based on accepted industry engineering practices, changing call routing may, to some extent, permit the Company to manage traffic patterns throughout its network during emergency situations. Accordingly, I also certify that, to the best of my information and belief and absent catastrophic failure of the network or elements of it, the Company is, to some extent, able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.

G. Local Usage Plan Certification. 47 C.F.R. §54.209(a)(7).

As the ILEC within its service area, the Company offers an unlimited minutes of use local service usage plan.

H. Equal Access Certification. 47 C.F.R. §54.209(a)(8).

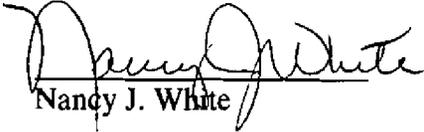
The Company provides equal access to long distance carriers in compliance with applicable requirements including the Commission's requirements. The Company acknowledges that the Commission may continue to require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area.

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CERTIFICATION

I, Nancy J. White, President and CEO of North Central Telephone Cooperative, Inc. (the "Company"), do hereby declare under penalties of perjury that I have read the foregoing, and the information contained therein regarding the Company is true and accurate to the best of my knowledge, information, and belief.


Nancy J. White

Date: 9/22/09

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**Attachment A
Current Year Major Construction Projects**

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| <u>Estimated Start Date</u> | <u>Estimated Completion Date</u> | <u>Affected Wire Center Exchange</u> | <u>Description</u> |
|-----------------------------|----------------------------------|--------------------------------------|--------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

¹ As a rural Incumbent Local Exchange Carrier, the amount of the Company's investment that will be recovered from federal high cost support will be determined by the application of the specific FCC rules.

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**Attachment A
Current Year Major Construction Projects**

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| <u>Estimated Start Date</u> | <u>Estimated Completion Date</u> | <u>Affected Wire Center Exchange</u> | <u>Description</u> |
|-------------------------------------|--|--|--------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

¹ As a rural Incumbent Local Exchange Carrier, the amount of the Company's investment that will be recovered from federal high cost support will be determined by the application of the specific FCC rules.

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**Attachment A
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| <u>Estimated Start Date</u> | <u>Estimated Completion Date</u> | <u>Affected Wire Center Exchange</u> | <u>Description</u> |
|--|---|---|---------------------------|
|--|---|---|---------------------------|

| | | | |
|------------|--|--|--|
| [REDACTED] | | | |
|------------|--|--|--|

¹ As a rural Incumbent Local Exchange Carrier, the amount of the Company's investment that will be recovered from federal high cost support will be determined by the application of the specific FCC rules.

