



MONTANA PUBLIC SERVICE COMMISSION

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Received & Inspected

SEP 28 2009

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September 22, 2009

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW, Room TW – A306
Washington, DC 20554

Karen Majcher
Vice President, High Cost & Low Income Division
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

RE: Certification of Support for Rural and Non-Rural High-Cost Carriers Pursuant to 47 C.F.R Sections 54.313-314, CC Docket Nos. 96-45 and 00-256

Dear Ms. Dortch and Ms. Majcher:

The Montana Public Service Commission (PSC) hereby certifies that all federal high cost support provided to rural and non-rural carriers in Montana will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, consistent with section 254 (e) of the Communications Act of 1934, as amended. This includes High Cost Loop support, Local Switching Support, High Cost Model Support, and high cost support received pursuant to the purchase of exchanges.

Attached are lists of rural and non-rural carriers certified by the Montana PSC pursuant to 47 C.F.R. §§ 54.313 and 54.314 of the FCC's rules, which require states to establish an annual certification process for rural and non-rural carriers receiving federal high-cost support. As requested by the Universal Service Administrative Company, listed beside each carrier is its assigned study area code (SAC).

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This certification is pursuant to the FCC expanded rate certification requirements, as provided in the FCC's *Order on Remand, Further Notice of Proposed Rulemaking, and Memorandum Opinion and Order*, CC Docket No. 96-45, FCC 03-249, Release Date, October 27, 2004, and 47 C.F.R. § 54.316.

The Montana PSC interprets the requirement for rate comparability certification to extend to all non-rural ETCs and CETCs designated to serve a non-rural carrier's study areas. Again, each of the above-identified wireline carrier's rates are exceeded by the benchmark threshold for this year. That the benchmark exceeds each carrier's rates does not mean that the Montana PSC agrees with either the benchmark or the template used for this purpose. Also, as for the choice of rural areas, because Qwest's and the three wireline CETCs' residential rates are invariant with respect to wire centers or other political boundaries, it appears unnecessary to make any further geographic refinement. The FCC allows states to expand upon the template to take into account quality-of-service and scope-of-calling parameters. Just as the FCC chose not to tackle these adjustments because of the alleged "difficulty to quantify," the Montana PSC is also unable, based upon time and resource constraints, to quantify these parameters. The Montana PSC remains convinced that a proper comparison would include these and other parameters in any rate/benchmark comparison. If and when the Montana PSC chooses to take steps to modify the filings made pursuant to the FCC's template, it will include changes that reflect, in part, scope-of-calling and quality-of-service variations between rural and urban areas and may also attempt to analyze the rates of ETC-designated wireless carriers to enable a reasonable rate comparison.

The Montana PSC also notes that it completed an investigation of the use of federal universal service funds (FUSFs) by Montana's one non-rural ILEC ETC, Qwest Corporation. *Montana PSC Docket Nos. D2005.6.105 and D2008.1.6*. In addition, the Montana PSC has an ongoing investigation of the use of FUSFs by one of Montana's CLEC ETCs, WWC Holding Co., Inc., a subsidiary of Alltel Communications, Inc. Montana PSC investigations of the use of FUSFs by other Montana ETC's may follow.

Sincerely,



Greg Jergeson
Chairman, Montana PSC