

**BEFORE THE FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of

High-Cost Universal Service Support

Coalition for Equity in Switching Support  
Petition for Clarification

WC Docket No. 05-337

**COMMENTS OF  
CANBY TELEPHONE ASSOCIATION, d/b/a CANBY TELCOM**

**November 24, 2009**

By Order and Notice of Proposed Rulemaking issued under Order No. FCC 09-89 in WC Docket No. 05-337, the Commission has called for comment on its tentative conclusion that the Local Switching Support (LSS) rules should be modified to permit incumbent local exchange carriers (LECs) which are eligible telecommunications carriers (ETCs) that lose lines and fall below thresholds established by Commission rule to increase their LSS. In response, these Comments are filed on behalf of Canby Telephone Association, d/b/a Canby Telcom (Canby). Canby fits precisely in the category of incumbent LEC ETC that would be affected by the Commission's proposed rule modification.

While these Comments will be brief, the brevity should not diminish the importance of this issue and the need for Commission action. Canby is a rural incumbent LEC that is an ETC and serves relatively rural areas in the Willamette Valley of western Oregon. Over time, Canby's access line count grew to exceed ten thousand lines. As a result, under the Commission's existing rules codified in Section 36.125,<sup>1</sup> Canby's weighting factor under the calculation for LSS support decreased. However, in recent years, the trend has reversed and now Canby serves fewer than ten thousand access lines.

It is a long-recognized principle that rural carriers generally serve fewer subscribers, serve more sparsely populated areas, and do not generally benefit from economies of scale and scope. This Commission has said as much in the *Universal Service First Report and Order*.<sup>2</sup> In addition, the Commission appears to reference with approval this rationale in the instant docket.<sup>3</sup>

---

<sup>1</sup> 47 C.F.R. § 36.125; particularly Subsections (f) and (j).

<sup>2</sup> Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report Order, 12 FCC Rcd 8776, 8934 (1977).

<sup>3</sup> FCC 09-89 at ¶ 5.

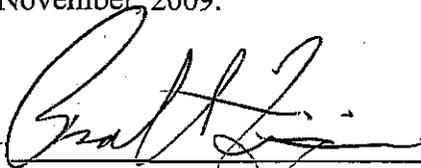
Canby recognizes that this may appear to be a minor leaf blowing among the major winds for comprehensive universal service reform. However, for companies like Canby that have been severely affected by a decline in access lines, relief from the existing Commission rules regarding LSS is highly warranted.

Canby's situation, in which it crossed the ten thousand access line threshold and then fell below that threshold, is no different than a similar situated rural LEC that has never crossed the ten thousand access line threshold. Canby, like carriers that have not exceeded the ten thousand access line threshold, faces the same lack of economies of scope and scale and the same issues related to higher local switching costs per customer compared to that experienced by larger carriers. Canby should be treated the same as small LECs that have not crossed the ten thousand access line threshold. The economics are the same.

Action on this issue can be taken quickly and with little overall effect on the size of the universal service fund. Action on this item should not slow progress on comprehensive universal service reform. Canby respectfully requests that the Commission take expeditious action to approve a change in the rules for LSS as set out in this docket.

Respectfully submitted this 24th day of November, 2009.

By



---

Richard A. Finnigan  
Attorney for Canby Telephone  
Association, d/b/a Canby Telco