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

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing an Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109

To: The Commission

COMMENTS OF THE BLOOSTON RURAL CARRIERS ON NOTICE OF PROPOSED RULEMAKING AND FURTHER NOTICE OF PROPOSED RULEMAKING

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Executive Summary

The Blooston Rural Carriers support the Rural Association Plan concurrently submitted in this docket by a substantial group of national, regional and state trade associations. They believe that this plan strikes the proper balance between the Commission's modernization, fiscal responsibility, accountability and market-driven reform policies, as well as the need to preserve and extend the success of rural local exchange carriers ("RLECs") in deploying multiple-use, broadband capable networks in their rural service areas. The Rural Association Plan will permit RLECs to recover their investments in existing infrastructure while at the same time investing further in the upgrades necessary to meet the Commission's mandated short-term and long-term levels of service.

As it seeks to promote ubiquitous broadband deployment and reform high-cost support and intercarrier compensation mechanisms, the Commission needs to study and analyze carefully why small, localized RLECs with minimal financial resources and no access to major capital markets have been able to deploy reasonable broadband services (generally, 768 kbps to 3 Mbps) to over 90 percent of their customers in the very highest-cost rural areas, while the much larger and better financially endowed price cap carriers have a much poorer record despite their much higher interstate rates of return. The Blooston Rural Carriers believe that the combination of local presence, rate-of-return regulation, high-cost support and access revenues has provided effective and efficient incentives for RLEC broadband deployment, and that the success to date of such incentives and deployment should not be imperiled by the "redistribution" of RLEC revenue streams to other entities. The Blooston Rural Carriers further emphasize that the task of RLEC broadband deployment is far from complete, and that substantial future investment is necessary to meet the Commission's current 4/1 Mbps rural broadband service target, much less the higher speeds necessary to offer "reasonably comparable" rural broadband services in the future.

Given that broadband networks and services have been deemed to be the Great Infrastructure Challenge of the early 21st Century and that they are critically important to future American economic growth and international competitiveness, the Commission needs to take strong and early steps to reform universal service contribution mechanisms to broaden the base of contributors to include all those that use the broadband network so that the Fund can grow without substantially increasing the burden upon existing contributors. At minimum, the very different sizes, financial resources and investment incentives of RLECs and price cap carriers, as well as the different characteristics and uses of wireless mobile broadband service, require that they have separate high-cost support mechanisms.

With regard to the NPRM itself, The Blooston Rural Carriers are concerned that several of the Commission's proposed actions, which will radically change the current universal service and intercarrier compensation regimes, are based on assumptions that are either faulty or simply not supported by the record. Specifically, the Commission's Phase 1 CAF Support proposal is based entirely on the National Broadband Map, which has already been shown in other proceedings to be unreliable. Its allegations about the incentives provided by current HCLS, LSS, and ICLS mechanisms are not supported by a single example. The proposals regarding intercarrier compensation and revenue recovery entirely ignore evidence in the record. Such sweeping revisions to the universal service fund simply cannot responsibly and effectively be undertaken in such circumstances.

Further, the Commission's assessment of its jurisdiction to make the proposed changes is also flawed. The clear and plain language of Sections 254(e) and 214(e) establish and limit the discretion of the Commission and its agents with respect to their distribution of federal high-cost support to common carriers that have been duly designated as eligible telecommunications carriers. The Commission may not forbear from enforcing the statutory limitations of Sections 254(e) and 214(e) upon its authority to distribute federal universal service support, and neither Section 706 nor Section 4(i) overrides the express mandate and limitations of Sections 254(e) and 214(e).

The Blooston Rural Carriers also question the lawfulness of the Commission's approach to fund and allocate CAF amounts to recipients. Long ago, the Supreme Court required that non-traffic sensitive costs be parceled out between the interstate and intrastate jurisdictions. Separating interstate and intrastate investment is necessary to recover carrier costs through the rate setting process. Thus, separations and cost recovery are inextricably linked, and interstate costs must be recognized and recovered.

Finally, the Blooston Rural Carriers urge the Commission to take this opportunity to address the practice of Virtual NXX. It has produced a myriad of Court and regulatory proceedings across the country, with attendant consequences in litigation expense, loss of toll support and an increase in expense for rural ILECs. Specifically, the Commission should rule that the practice of Virtual NXX results in non-local calling.

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COMMENTS OF THE BLOOSTON RURAL CARRIERS ON NOTICE OF PROPOSED RULEMAKING AND FURTHER NOTICE OF PROPOSED RULEMAKING

The law firm of Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP, on behalf of its rural local exchange carrier ("RLEC") clients listed in Attachment A (the "Blooston Rural Carriers"), submits the following comments in response to those portions other than Section XV of the Commission's *Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking*, FCC 11-13, released February 9, 2011, in the above- captioned proceedings ("*NPRM*").

I. INTRODUCTION

The Commission's federal High Cost Fund ("HCF") support mechanisms for rural local exchange carriers ("RLECs") constitute one of the Nation's most effective and efficient government programs. Started as the Universal Service Fund during the AT&T Divestiture, and transformed into the High Cost Loop Support ("HCLS"), Local Switching Support ("LSS") and Interstate Common Line Support ("ICLS") mechanisms during the implementation of the Telecommunications Act of 1996, the HCF mechanisms have enabled small companies with limited financial resources and virtually no access to capital markets to bring quality and affordable voice service, and more recently broadband service, to well over 90 percent of the residents of the most rugged, isolated, sparsely populated and expensive-to-serve portions of Rural America. In its November 2007 *Recommended Decision*, the Joint Board repeatedly declared that RLECs had done a "commendable job" under the existing HCF mechanisms of deploying voice and broadband services to nearly all of their customers while maintaining an essential Provider of Last Resort ("PoLR") network.[1]

Contrary to the erroneous impressions of some inside and outside the Commission, RLEC recipients of HCF support have not been clinging to their legacy voice networks and circuit switches. Rather, they have been following what they reasonably believed to be the policies and requirements of the Bush and Obama Administrations, the Congress, the Commission, the Rural Utilities Service ("RUS") and many states to continue the evolution of their former voice networks into today's multiple-use, broadband capable networks on the way to tomorrow's ubiquitous National Broadband Network. For more than six years, RLECs increasingly have been replacing circuit switches with Internet Protocol ("IP")-capable soft

[1] *High-Cost Universal Service Support*, WC Docket No. 06-337, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, 22 FCC Rcd 20477 (Joint Board 2007), at ¶¶ 30 and 39.

switches, installing and extending fiber optic trunk facilities to increase the ranges and speeds of their digital subscriber loop ("DSL") services, and deploying fiber optic loop facilities (where reasonable and efficient) to complete green field projects and to replace outmoded copper loops.

Over twenty-seven years of federal high-cost support to RLECs have produced quality telecommunications and information services, modern and reliable telecommunications network infrastructure and affordable rates for rural residents that are reasonably comparable to the services and rates available in urban areas. Moreover, this has been accomplished without any substantial scandals, waste or inefficiencies. Decades of National Exchange Carrier Association ("NECA"), Universal Service Administrative Company ("USAC") and state utility commission audits, as well as Congressional and Commission investigations, have encountered some mistakes, misinterpretations, missing records and other human imperfections, but virtually no significant scandal, fraud or waste. Even where some have tried to turn individual RLECs into "poster children" for fraud or waste, a fair examination of the facts and circumstances has demonstrated a reasonable and legitimate basis for their costs and HCF support (for example, the small Washington State RLEC whose per-loop costs were very high because various unanticipated difficulties and delays and the suspension of its RUS funding had forced it to discontinue construction of a substantial portion of its planned exchange in an isolated and long-unserved area unreachable by road that it was building at the request of the Washington commission).

II. REFORM MUST PRESERVE THE SUCCESS OF RLECS IN DEPLOYING AND MAINTAINING BROADBAND-CAPABLE NETWORKS

The Blooston Rural Carriers support the modification of the definition of the services that are supported by federal universal service support mechanisms to include broadband explicitly.[2] They recognize that completion of the ongoing evolution from the former voice network through the current multiple-use, broadband-capable network to the future ubiquitous National Broadband Network will require some adjustments to HCF and intercarrier compensation mechanisms. However, such adjustments should not halt or reverse the successful recent, ongoing and future deployment of broadband infrastructure and services by RLECs.

The Blooston Rural Carriers are aware of the stated concerns of some regarding a "rural-rural divide," but do not believe that circumstances warrant the "redistribution" of HCF support from small, financially-limited rate-of-return ("RoR") RLECs to much larger and financially more powerful price cap carriers that have elected heretofore not to deploy broadband in their rural service areas. First, as the records of this Commission and state commissions demonstrate, RLECs serve the rural areas that the former Bell System and the larger independent telephone companies did not want, and that the current price cap carriers or their predecessors either refused to serve or sold to smaller carriers as soon as they were permitted to do so. In other words, RLEC service areas (which comprise approximately one-third of the area of the United States) are generally more rugged, more remote, more sparsely populated and more expensive to serve than the rural service areas of the larger price cap carriers.

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[2] This can and should be accomplished pursuant to the procedures and criteria specified in Section 254(c) of the Communications Act.

Second, RLECs have only a small fraction of the revenues, assets, profits, cash flows and economies of scale of the Regional Bell Operating Companies ("RBOCs") and mid-sized carriers. Unlike their larger price cap counterparts, most RLECs are not able to list and trade their stock and bonds on national exchanges, borrow from Wall Street and other large banks, or otherwise access the resources of international, national and regional capital markets. Rather, RLECs generally have very limited financing options – primarily the Rural Utilities Service ("RUS") and (if and when the overall economy improves and the current uncertainties regarding future HCF support and access revenue streams are resolved) the Cooperative Bank ("CoBank"), the Rural Telephone Finance Cooperative ("RTFC") and a few small local banks.

Third, notwithstanding these major disadvantages, RLECs have been successful in deploying broadband services [generally, at downstream speeds in the range from 768 kilobits per second ("kbps") to 3.0 Megabits per second ("Mbps")] to more than 90 percent of their rural customers – a record far superior to that of their larger, financially stronger price cap counterparts in their less expensive rural service areas.

It is both puzzling and disconcerting that the Commission seems to have very little interest in examining and determining the reasons for this substantial difference in performance. The Blooston Rural Carriers submit that a primary factor lies in the incentives created by local presence, local ownership and/or local management. For the substantial majority of RLECs, the provision of service to their rural exchanges is their sole or predominant business. Many cooperatives and other locally-owned RLECs serve their owners, their directors, their managers, and their employees, as well as the neighbors, friends and acquaintances thereof. RLECs want and need to provide quality services at affordable rates to their rural customers because they know their customers personally, and have local reputations and relationships to maintain. In contrast, most owners and managers of price cap carriers have little or no connection or relationship with their rural exchanges and customers. For most price cap carriers, their rural service areas are backwaters that are so small relative to their total operations that they have no material significance to their business plans or their financial statements. This is not a criticism, for the price cap carriers (most of which are publicly traded) have legal and ethical obligations to maximize the value of their stock and bonds, and can do so only by focusing upon the most profitable business opportunities (most of which are located in urban and international markets). It is merely recognition of the facts of life.

Given that RLECs have personal and localized incentives to serve their rural exchanges and customers, the synergistic combination of RoR regulation, HCF support and access revenues has provided them with the resources necessary to invest in the infrastructure to provide the desired quality telecommunications services at affordable rates. The stability and certainties of RoR regulation, together with reliable HCF and access revenue streams, have enabled RLECs to furnish their owners and lenders with the assurances of cost recovery and loan repayment that are essential for these small companies to obtain financing for infrastructure investments. In contrast, price cap regulation appears to have been a deterrent, rather than an incentive, for large carriers to invest in their rural exchanges. Despite the fact that price cap carriers not only have far greater financial resources but also have actual interstate rates of return that dwarf the target 11.25 percent interstate rate of return for RLECs,[3] few price cap carriers have invested

[3] For 2007 (the last year that AT&T, Verizon and Qwest were required to file FCC Form 492A Rate of Return Monitoring Reports), the interstate rates of return for the three RBOCs were: (a) AT&T: a range from 24.54% to 62.43% for six reporting operating entities; (b) Verizon: a range from 19.89% to 85.67% for twenty-two reporting operating entities, with a twenty-third reporting operating entity showing a negative rate of return of 7.20%; and (c) Qwest: 52.56%. For the mid-sized price cap carriers, the finalized 2007 interstate rates of return were similarly high, including: (a) Embarq: a range from 25.15% to 58.90% for nine reporting entities; (b) Windstream: a range from 21.64% to 61.07% for seven reporting entities; (c) CenturyTel: a range from 17.20% to 42.23% for three reporting entities; (d) Cincinnati Bell: 56.54%; (e) Citizens Communications Companies: a range from 15.77% to 63.41% for four reporting entities; (f) Frontier: a range from 10.84% to 49.89% for three reporting entities; (g)

significantly in the deployment of broadband facilities in substantial portions of their rural service areas. In other words, any "rural/rural divide" has arisen because RoR RLECs have invested and deployed broadband in their rural service areas while price cap carriers have not. The solution to this problem is not to dismantle RoR regulation and redistribute or otherwise reduce HCF support and access revenues, thereby destroying their proven record of success as incentives for rural broadband investment in over one-third of the land area of the United States.

Whereas RLECs have made exemplary progress in providing some form of "broadband" service (primarily, in the 768 kbps to 3.0 Mbps range) to 90 percent or more of their rural customers, their job is far from done. Most RLECs still need to make substantial further investments and upgrades to reach the target 4 Mbps down/1 Mbps up broadband service advocated in the National Broadband Plan, much less to offer the significantly greater bandwidths and speeds likely to be required before Calendar Year 2020 to provide their rural customers with the "reasonably comparable" broadband services (to those available in urban areas) that these customers will absolutely need to participate in regional, national and international markets and social activities.[4]

III. THE MORE EFFECTIVE APPROACH IS A LARGER HIGH COST FUND RATHER THAN "REDISTRIBUTION" OF EXISTING RLEC SUPPORT

The Commission has recognized the key role of the National Broadband Network in increasing economic opportunity, improving education and health care, reducing energy

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Hawaiian Telecom: 21.43%; and (h) Iowa Telecom: 17.19% and 28.05% for two reporting entities. Overall, the weighted arithmetic mean 2007 interstate rate of return for all price cap carriers was 30.65%. Industry Analysis and Technology Division, Wireline Competition Bureau, *Trends in Telephone Service* (September 2010) at Table 4.1.

[4] As more and more rural residents use broadband service to participate and compete in regional, national and international markets, "reasonably comparable" broadband bandwidths and speeds will morph into absolutely essential broadband bandwidths and speeds if they are to be able to do business successfully with distant entities.

consumption, protecting the environment, enhancing government performance, enabling greater civic participation and strengthening public safety during the coming decades. [5] To the extent that the United States may have slowed or fallen behind other countries in the race for international economic growth and success, ubiquitous and high-capacity broadband services constitute the best hope for regaining its stride. In fact, the National Broadband Plan declared that "Broadband is *the* great infrastructure challenge of the early 21st Century."[6]

It makes no sense for the Commission to hold steady or decrease the size of federal high-cost support mechanisms at a time when it has recognized that substantial additional investment is needed by RLECs, price cap carriers, wireless mobile broadband carriers and other carriers to deploy broadband facilities and services in unserved and underserved rural areas. It makes even less sense for the Commission to undermine and/or reverse the ongoing successful deployment of broadband facilities and services by RLECs by "redistributing" substantial amounts of their HCF support to price cap carriers that have heretofore shown little or no interest in their rural exchanges, and/or to wireless "broadband" services that cannot efficiently be scaled to higher and higher speeds as broadband service needs evolve and grow.

The Blooston Rural Carriers do not oppose the distribution of high-cost support to price cap carriers, to wireless mobility carriers and to other carriers. Rather, they believe that the high-cost support "pie" should be enlarged, rather than sliced into smaller and increasingly insufficient pieces. This can be accomplished by early reform of the existing universal service contribution mechanisms to expand the base of contributors to encompass all service providers that use the existing multiple-use network and that will use the National Broadband Network. A larger High-Cost Fund would bring the benefits of broadband more rapidly to a larger portion of

[5] Federal Communications Commission, *Connecting America: The National Broadband Plan* (2010).
[6] Id., p. 3.

Rural America. The Blooston Rural Carriers understand that Calendar Year 2011 is a time of economic uncertainty and growing federal budget deficits, and that there is substantial pressure to reduce the size of government programs. However, given that broadband is the key to 21st Century economic growth and competitiveness, increased broadband deployment must be a priority and larger federal high-cost support mechanisms (which are not part of the federal budget) are warranted.

Among other advantages, a larger High-Cost Fund will reduce the pressure upon the Commission to seek the illusory Holy Grail of a "one-size-fits-all" solution, and focus instead upon the mechanism or mechanisms that will provide the most effective and efficient incentives for various types of carriers to invest in and deploy broadband. At minimum, the very different sizes, financial resources and investment incentives of RLECs and price cap carriers, as well as the different characteristics and uses of wireless mobile broadband service, require that they have separate HCF support mechanisms. Moreover, given that most businesses and households in urban areas have access both to fixed and to mobile broadband services, the Blooston Rural Carriers believe that the "reasonably comparability" principle of Section 254(b)(3) of the Act warrants the establishment of high-cost support mechanisms for both a higher-capacity fixed wireline broadband network and a lower-capacity mobile wireless broadband network in each qualifying high-cost service area. The substantial majority of American businesses and families in urban and suburban areas continue to subscribe to both wireline and wireless voice and broadband services. Fixed wireline and mobile wireless broadband services are presently complementary services that utilize different equipment and technologies, and that are used by customers for different purposes and at different times and places.

IV. THE RURAL ASSOCIATION PLAN STRIKES THE RIGHT BALANCE

For RLECs, the Blooston Rural Carriers support the high-cost support and intercarrier compensation reform plan that will be submitted in this proceeding on April 18, 2011 by NECA, the National Telecommunications Cooperative Association ("NTCA"), the Organization for the Promotion and Advancement of Small Telecommunications Companies ("OPASTCO"), the Western Telecommunications Alliance ("WTA"), the Rural Alliance ("RA") and a group of state telecommunications associations (the "Rural Association Plan"). The Blooston Rural Carriers believe that the Rural Association Plan will enable RLECs to recover their investments in the existing multiple-use infrastructure they deployed under current rules and retain the quality of their existing broadband and voice services, while permitting them to invest further in the upgrades necessary to get to the broadband speeds and service levels that the Commission will mandate and support. They are convinced that the Rural Association Plan will allow the Commission's existing high-cost support and intercarrier compensation mechanisms to evolve gradually into effective broadband support mechanisms without destabilizing and investment-deterring flash cuts and uncertainties.

The Blooston Rural Carriers agree with the Rural Association Plan findings that the Commission's near-term high-cost reform proposals will result in crippling reductions of RLEC high-cost support that will cause defaults in RUS and other loan covenants, threaten the viability of existing voice and broadband services, and halt future RLEC broadband investment. They support adoption of the Rural Association Plan as a superior alternative to the *NPRM's* "near term" high-cost "reform" proposals, as well as an effective glide path for longer term adaptation of RLEC high-cost support to a wholly broadband world.

In addition, the Blooston Rural Carriers comment on a number of the Commission's specific proposals and findings below.

V. THE *NPRM* IS BASED ON UNFOUNDED AND ERRONEOUS ASSUMPTIONS

A number of the Commission's proposed actions aimed at radically changing the current universal service and intercarrier compensation regimes are based on assumptions that are not supported by the record. In some cases, the Commission has selectively ignored record evidence that would lead to a conclusion other than to its preferred conclusion. Examples of this are detailed below.

A. Phase I CAF Support

In Phase 1 of the Connect America Fund ("CAF"), the Commission proposes to provide support for areas unserved by broadband, as determined by the National Broadband Map compiled by NTIA or data from the Commission's proposed revised Form 477.[7] Although the Commission is proposing to siphon off millions of dollars in high cost support to advance its agenda on this point, it is not possible to determine at this time whether or where any unserved areas may be based on either one of these mechanisms. The rulemaking proceeding to determine the content of the revised Form 477 has not even been concluded and, therefore, there is no basis to determine whether the information obtained from the new form will be able to provide accurate information regarding unserved areas.

Further, it is clear that the data in the currently available National Broadband Map is not accurate or reliable for this purpose. As an initial matter, it does not include information on the areas that have received broadband grants from NTIA and RUS, where broadband facilities

[7] *NPRM* at ¶269.

should be under construction now. Moreover, there has been no review of the data provided by the states to confirm the accuracy of the data or that it was provided in a consistent manner. Accordingly, at this time, there is no reliable, complete information on the extent of unserved areas in the country that would support the Commission's position that there is a need for Phase 1 CAF.

B. Near Term Reform of High Cost Support Mechanisms

The Commission alleges that HCLS, LSS and ICLS do not provide incentives for controlling capital and operating costs, and that support is not distributed among high cost carriers in a way that maximizes overall consumer benefits across communities.[8] It bases this allegation upon the claim that some carriers get more support than needed and that in other areas, carriers cannot afford to deploy modern networks. The Commission fails to identify any specific carriers that fall into these two categories.

The Commission also contends that universal service support mechanisms allow carriers to accelerate network upgrades even where a more measured approach to capital investment is more appropriate given the customer base and rate of broadband adoption among customers.[9] This contention also is unsupported by any specific company examples, and does not address engineering economics studies in the record that show that the minimum costs of bringing heavy construction equipment into rural exchanges are high and that it may be much less expensive in the longer run to combine and complete several network upgrade projects at the same time rather than bringing the construction equipment and crews back several times.[10]

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[8] *Id.* at ¶162.
[9] *Id.* at ¶171.
[10] *Joint Comments of the National Exchange Carrier Association, Inc.; National Telecommunications Cooperative Association; Organization for the Promotion and Advancement of Small Telecommunications Companies; Western Telecommunications Alliance; the Rural Alliance; and Concurring Associations*, WC Docket Nos. 10-90, 05-337; GN Docket No. 09-51; Appendix B (Report of the Association of Communications Engineers); filed July 12, 2010.

1. High-Cost Loop Support

The Commission contends that the current structure of HCLS may not provide adequate incentive for HCLS recipients to operate efficiently. As support for its supposition, the Commission provides charts based on NECA data which purports to show that: (a) for companies with study areas below 115% of National Average Cost Per Loop (NACPL) and between 115% and 150% of NACPL, investment in net plant decreased as total loops decreased; but (b) for companies with study areas above 150% of NACPL, net plant increased even as total loops decreased. The Commission concludes that the charts "may suggest companies are investing and upgrading networks more than prudent for a company losing customers."[11] The Commission apparently has done nothing to delve into what the data really mean or whether there are any other explanations for the network investment. For example, companies may have sought to upgrade facilities to respond to customer needs or to meet federal or regulatory requirements, like carrier of last resort requirements. Or, companies may have lost lines but not customers and the companies are upgrading facilities to provide their customers with the broadband services they want. These explanations are just as likely as the Commission's preferred narrative.

Further, it seems odd for the Commission to oppose such network investment under any circumstance. The entire reason for this proceeding, and especially for the Phase 1 CAF, is to create universal service mechanisms to accelerate the deployment of broadband facilities nationwide beyond what private investment and market forces would dictate. It appears that the Commission is acknowledging that current universal service mechanisms have achieved the very

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[11] *NPRM* at ¶178.

result that the Commission hopes to achieve with the new proposed universal service mechanisms. This happens to be consistent with the Joint Board's earlier finding.[12]

The Commission's solution to the problem it "may" have identified is to simply reduce the percentage of HCLS reimbursed through universal service. According to the Commission, a reduction in the reimbursement percentages "may encourage incumbent LECs to invest and expend funds more efficiently and effectively, without jeopardizing universal service."[13] While the proposed reduction in HCLS may encourage or require ILECs to spend less on loop investment, it does not follow that a reduction in investment equals more efficient and effective investment. The Commission simply should not be making public policy changes of this magnitude based upon such a speculative narrative.

2. Local Switching Support

With respect to local switching support ("LSS"), the Commission states that because of the advent of soft switches, "the size-based eligibility for LSS may be inappropriate in an IP-based environment where switching platforms may be shared among non-contiguous properties."[14] The Commission also states that LSS may not target funding to high cost areas or areas unserved by broadband. The Commission's proposed solution to better target LSS is to eliminate LSS and free up that money for CAF.

In the alternative, the Commission proposes to merge LSS and HCLS because it "could reduce incentives for carriers to design network architecture or to classify equipment to maximize high cost support."[15] The Commission also states that merging LSS and HCLS "may

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[12] *See In the Matter of High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, 22 FCC Rcd 20477 (November, 2007).
[13] *NPRM.* at ¶180.
[14] *Id.* at ¶187.
[15] *Id.* at ¶191.

remove incentives for carriers not to merge study areas."[16] In support of this supposition, the Commission cites the 2010 Trends in Telephone Service which shows that the four largest carriers, operating in more than one study area in various states, received millions of dollars in LSS. This evidence, however, and the Commission's speculation about shared switching platforms, has no relevance and provides no support for eliminating LSS for carriers that do not operate in multiple study areas.

With respect to the Commission's supposition that merging LSS and HCLS could reduce incentives for carriers to incorrectly classify equipment to maximize support, the Commission provides no current evidence to support any such problem. Rather, in support its position, the Commission cites the 1992 Bureau Responsible Accounting Officer Letter 21 issued, in part, to address a concern that some carriers were improperly classifying remote switches. The Commission provides no evidence to support any such concern since the guidance was given to the industry in 1992.

3. Corporate Operations Expense

In support of its proposal to eliminate corporate operations expense (COE), the Commission refers to the *Universal Service First Report and Order* in which the Commission found that these expenses "do not appear to result from costs inherent in providing telecommunications services, but rather may result from managerial priorities and discretionary spending.[17] Any such suggestion is simply not correct. ILECs are required to prepare and file a number of reports with the Commission,[18] as well as perform a number of additional tasks as a

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[16] *Id.* at ¶192.
[17] *Id.* at ¶197.
[18] A partial list of reports required by the Commission and the number of hours estimated by the Commission to complete the reports includes: FCC Form 477, filed twice per year, estimated up to 65 hours per state per report; FCC Form 502, filed twice per year, estimated up to 44.4 hours per report; FCC Form 499-A, filed once per year, estimated up to 13.5 hours; FCC Form 499-Q, filed four times per year, estimated up to 10 hours per report; FCC

result of federal regulations, including the filing of federal tariffs, preparing cost studies to support the NECA tariffs or their own tariffs and reciprocal compensation rates, maintaining records, responding to requests for information by the Commission, filing network outage reports, preparing and maintaining the CPNI manual, responding to formal and informal complaints and negotiating interconnection agreements. To comply with all of these requirements, ILECs must engage employees, managerial staff, accountants, engineers and attorneys, and the associated expense is included in corporate operating expense. Accordingly, there is no basis to support a total elimination of corporate operating expense.

C. Intercarrier Compensation

In support of its proposals to radically change intercarrier compensation mechanisms, the Commission states that the record "suggests" that the current intercarrier compensation system is impeding the transition to all-IP networks and distorting carriers' incentives to invest in new, efficient IP equipment. The Commission also states that the current regime creates incentives "to maintain and invest in legacy, circuit-switched-based, time-division-multiplexing (TDM) networks to collect intercarrier compensation revenue..."[19]

However, at paragraph 187 of the *NPRM*, the Commission acknowledges that "many smaller rate-of-return carriers are purchasing soft switches." Further, in comments filed on April 1, 2011, the 48 carriers participating in the *Initial Comments on Section XV of the Blooston Rural Carriers* stated that it has been many years since they purchased new circuit switches. In fact, it is doubtful that a carrier desiring to purchase a circuit switch could find a vendor selling new ones, or a reliable source of replacement components and repairs for a used one. Accordingly, there is evidence that the Commission's supposition is wrong.

Form 497, filed four times per year, estimated up to 3 hours per report; CPNI Compliance Certification, filed once per year, estimated up to 10 hours per certification.

[19] *NPRM* at ¶ 506.

In support of its position, the Commission cites to the National Broadband Plan (NBP) and comments filed by Sprint Nextel, Cablevision and Paetec in connection with NBP Public Notice #25. These comments, however, constitute unsupported and self-serving allegations that certain unidentified "ILECs" refuse to upgrade to IP-based systems and provide IP interconnection.[20] Further, it appears that these allegations arose, at least in part, out of disputes with local exchange carriers over the legal interpretation of Section 251 of the Act.

On the other hand, the NBP and the Commission ignore the comments filed by Verizon in the same proceeding, in which Verizon states that carriers have established interconnection arrangements which handle the exchange of both circuit switched and IP traffic and that the majority of traffic exchanged over these arrangements continues to be circuit-switched; that industry standards for interconnection for the exchange of voice traffic in IP format do not exist today; and that "a regulatory mandate to require carriers to divert funds prematurely to establish brand new interconnection arrangements for IP voice traffic would reduce the funds available to deploy broadband more widely."[21] Thus, it is just as likely that any issues (and it's not clear that there are any) with IP interconnection and the transition to IP networks result from the issues identified by Verizon and not the intercarrier compensation system.

D. Revenue Recovery

In Section XIV of the NPRM, the Commission asks for comments on how to structure any CAF support for recovery of reduced intercarrier compensation, balancing the goals of expanding broadband coverage, ensuring adequate recovery for providers, and controlling the size of the CAF.[22] With respect to rate-of-return carriers, the Commission proposes a framework

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[20] *Id.*

[21] *Comments of Verizon and Verizon Wireless on Transition from Circuit-Switched Network to All-IP Network*, NBP PN #25, GN Docket Nos. 09-47, 09-51, and 09-137, at page 5 (filed Dec. 22, 2009).

[22] *NPRM* at ¶559.

in Appendix D for revenue recovery which proposes to offset any reduction in interstate access charges with revenue derived from the sale of non-regulated services. The Commission states that this might reflect a fraction of the revenue that all carriers derive from the sale of non-regulated services, on average, and not the non-regulated revenue actually secured by an individual carrier so as not to diminish a carrier's incentive to generate non-regulated revenue. However, with or without this change, the Commission's proposal is flawed and not supported by the record because it is based on gross revenue and not net revenues; i.e., without recognition of related expenses. Many rural ILECs barely break even on the sale of certain non-regulated services, such as video programming.[23] Accordingly, the evidence shows that any attribution of gross revenues to determine CAF support would not be sufficient to recover reduced intercarrier compensation.

The foregoing demonstrates that many of the Commission's proposed radical changes to universal service and intercarrier compensation are not supported by the record evidence. Therefore, they should be abandoned.

VI. THE COMMISSION CANNOT DISTRIBUTE UNIVERSAL SERVICE SUPPORT TO ENTITIES THAT ARE NOT COMMON CARRIERS AND ELIGIBLE TELECOMMUNICATIONS CARRIERS

The Commission's assessment of its jurisdiction to make the changes proposed in the *NPRM* also is flawed. For example, this is particularly true with respect to the Commission's suggestion that it can provide federal high-cost support to non-common carriers.[24]

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[23] *See, e.g., Comments of the Western Telecommunications Alliance*, NBP Public Notice #19, Docket Nos. 09-51, 09-47, and 09-137, filed December 2, 2009 at page 21-22.
[24] *NPRM* at ¶62 et seq.

Section 254(e) of the Act expressly specifies and limits the authority of the Commission and its agents to distribute high-cost support, stating clearly that "[a]fter the date on which Commission regulations implementing this section take effect, *only* an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific Federal universal service support" (emphasis added). Section 214(e)(1) of the Act reiterates this same limitation upon the Commission's high-cost support distribution authority, declaring "[a] common carrier designated as an eligible telecommunications carrier under [Sections 214(e)(2) or (3)] shall be eligible to receive universal service support in accordance with section 254..."

In most circumstances, Congress gave state commissions authority to designate ETCs, stating in Section 214(e)(2) that "[a] State commission shall upon its own motion, or upon request, designate a common carrier that meets the requirements of [Section 214(e)(1)] as an eligible telecommunications carrier for a service area designated by the State commission." In those relatively infrequent situations where a State commission does not have jurisdiction over a common carrier, Congress subsequently added Section 214(e)(6), which gives the Commission the authority to designate a common carrier that meets the requirements of Section 214(e)(1) as an eligible telecommunications carrier for high-cost support distribution purposes.

The legislative history of the 1996 Act repeats and reiterates the clear and explicit language of Sections 254(e) and 214(e). The Conference Agreement declares that "[n]ew Section 254(e) provides that only eligible telecommunications carriers designated under new section 214(e) shall be eligible to receive specific Federal universal service support" (i.e., federal high-cost support).[25] It states further that "[t]he conference agreement amends section 214 of the Communications Act by adding a new subsection (e) regarding the provision of universal service and the designation of carriers which are eligible to receive support through the specific Federal

[25] 142 Fed. Reg. H1112 (January 31, 1996).

universal service support mechanisms established under Section 254 of the Communications Act."[26] The Conference Agreement's description of the purpose and scope of Sections 214(e)(1) and 214(e)(2) recapitulates again and again that an entity designated as an eligible telecommunications carrier must be a common carrier.[27]

At the time that it initially implemented Section 214(e), the Commission clearly recognized and stated the extent of its authority to distribute high-cost support as follows: "only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific Federal universal service support."[28] It concluded "that the plain language of section 214(e) precludes adoption of additional eligibility criteria beyond those enumerated in that section."[29] Accordingly, as recommended by the Joint Board, the Commission "adopt[ed] without expansion the statutory criteria set out in section 214(e) as the rules governing eligibility" of the common carriers to which the Commission and its agents could distribute federal high-cost support.[30] Pursuant to those criteria, the Commission declared that "only a common carrier may be designated as an eligible telecommunications carrier, and therefore may receive universal service support. . ."[31] It reiterated subsequently that ETCs would not be able the game the system by attracting only the most desirable customers because Section 214(e) "limit[s] eligibility [for federal high-cost support] to common carriers."[32] Finally, the Commission noted that eligibility for high-cost support was not limited to incumbent local exchange carriers

[26] 142 Fed. Reg. H1115 (January 31, 1996).
[27] *Id.*
[28] *In the Matter of Federal State Joint Board on Universal Service*, Report and Order, CC Docket No. 96-45, 12 FCC Rcd 8776, released May 8, 1997, at par. 130 ("*Initial Universal Service Order*").
[29] *Id., at* ¶ 127.
[30] *Id.*
[31] *Id.* at ¶134.
[32] *Id.*, at ¶143.

("ILECs"), but that any telecommunications carrier could receive such support if it met the Section 214(e)(1) criteria (including operating and being regulated as a common carrier).[33]

The clear and plain language of Sections 254(e) and 214(e) establish and limit the discretion of the Commission and its agents with respect to their distribution of federal high-cost support. As both the Commission and the Joint Board recognized during 1996 and 1997 when they were initially implementing Sections 254(e) and 214(e) and related provisions of the 1996 Act, Congress explicitly and repeatedly required the Commission to distribute federal high-cost support solely and entirely to common carriers. Such a clear statutory delegation and limitation of authority must be honored unless and until the Congress enacts further legislation modifying it. Moreover, the Congress had substantial and appropriate reasons for designing the Section 254(e) and 214(e) distribution provisions the way it did, including the avoidance of gaming practices that would favor the most desirable customers, as well as the elimination of the need to devise an entirely new set of regulatory obligations for ETCs.[34] These reasons remain applicable today.

The Commission may not forbear from enforcing the statutory limitations of Sections 254(e) and 214(e) upon its authority to distribute federal universal service support. The forbearance provisions of Section 10 of the Act were adopted to give the Commission the discretion to eliminate or ease certain statutory or Commission-imposed regulatory burdens upon telecommunications carriers and/or telecommunications carriers under certain circumstances. These forbearance provisions were not intended to give the Commission the discretion to eliminate or ease any of the statutory obligations or responsibilities or limitations placed by Congress upon the Commission itself.

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[33] *Id.*, at ¶145.
[34] *Initial Universal Service Order* at ¶¶142-43.

Section 10(a) of the Act is entitled "Regulatory Flexibility," and gives the Commission authority to "forbear from applying any regulation or any provision of this Act to a telecommunications carrier or telecommunications service, or class of telecommunications carriers or telecommunications services, in any or some of its or their geographic markets" if the Commission determines that enforcement is not necessary to ensure just, reasonable and nondiscriminatory charges and practices and to protect consumers, and if forbearance is consistent with the public interest. In addition, Section 10(b) requires the Commission to determine whether forbearance will promote competitive market conditions, including the enhancement of competition among providers of telecommunications services.

Sections 254(e) and 214(e) are not subject to Section 10 forbearance because they are delegations of specific and limited authority to the Commission and its agents regarding the distribution of federal high-cost support, rather than statutory regulations of telecommunications carriers and/or telecommunications services. Moreover, even if Section 10(a) were, for any reason, determined to be applicable to Sections 254(e) and 214(e), its plain language would not allow the Commission to forbear from enforcing their "only to a common carrier" and "designation as an eligible telecommunications carrier" requirements with respect to a non-telecommunications carrier or class of non-telecommunications carriers. Likewise, the policy of Section 10(b) regarding the promotion of competitive market conditions is not applicable to the "unserved areas" without any existing broadband service (much less, multiple and competing providers thereof) to which the Commission has indicated that it desires to limit its distribution of high-cost support during at least the first phase of the CAF.

Unless and until Congress modifies Sections 254(e) and 214(e), those statutory provisions plainly require the Commission to distribute existing and future high-cost support solely and entirely to common carriers that have been designated as eligible telecommunications carriers by the state commission having jurisdiction over their service areas (or, in the narrow cases covered by Section 214(e)(6), by the Commission).

In addition, Section 706 is a more general provision that Sections 254(e) and 214(e), and does not explicitly or implicitly address, modify or expand the Commission's express and limited Sections 254(e) and 214(e) authority to distribute universal service support. Rather, it requires the Commission to conduct regular inquiries of the availability of advanced telecommunications capability to all Americans (and particularly schools and classrooms), and (where such deployment is found not to be reasonable and timely) authorizes the Commission to remove barriers to infrastructure investment and to promote competition in *telecommunications* markets.

Finally, as recently reiterated in *Comcast Corp. v. FCC*,[35] the Commission cannot exercise its ancillary Section 4(i) jurisdiction in a manner that is inconsistent with its express and statutorily mandated responsibilities in specific provisions of the Act. This limitation precludes the Commission from employing Section 4(i) to modify or eliminate the specific instructions and limitations of Sections 254(e) and 214(e) regarding the distribution of universal service support.

VII. THE NPRM'S PROPOSALS TO ABANDON COST RECOVERY ARE UNLAWFUL

As discussed elsewhere herein, the Blooston Rural Carriers question the validity of the *NPRM*'s factual premises that: (a) the "rural/rural divide" exists in a manner and degree to warrant sacrificing core rural ILEC revenue streams to build out broadband in price cap company areas; (b) that the many inefficiencies attributed to rural ILECs' use of the interstate ICC mechanisms are based upon representative facts; and (c) that the proposed CAF mechanism,

[35] 600 F.3d 642 (D.C. Cir. 2010).

insofar as it draws from the ILEC Rate of Return (RoR) structure, is itself efficient. Aside from these and other factual and policy errors, key aspects of the proposal to fund and allocate CAF amounts to recipients appear unlawful, as discussed below.

As the Commission is no doubt aware, the U.S. Supreme Court, long ago, in its *Smith v. Illinois Bell Telephone Co.* decision imposed the requirement that non-traffic sensitive costs (loop and loop-related costs) be parceled out between the interstate and intrastate jurisdictions.[36] Thus, *Smith* has been referred to as the bedrock of modern separations procedure.[37]

Importantly, the procedure to separate interstate and intrastate investment, still in force today, is not an academic exercise. The resulting amounts are used to recover carrier costs through the rate setting process, as noted by the U.S. Court of Appeals for the D.C. Circuit:

> The *Smith* Court did not address the manner in which the federal agency was to perform its task. It did not hold that the FCC must order recovery of costs allocated to its jurisdiction through usage-based charges. The practical effect of the Smith decision in 1930, it is true, was a system under which subscriber plant costs in the interstate jurisdiction would be recovered on a usage basis.
>
> But nothing in *Smith* mandated that result; other plans under which those costs were subject to federal, rather than local, regulatory authority might have served as well [footnote omitted].
>
> * * * * * *
>
> Under *Smith*, a portion of the costs of that loop are assigned to the interstate jurisdiction, for recovery under the regulatory authority of the FCC, on the basis of a complex division of taking into account statistical calling patterns. That separations decision, however, does not affect the cost of the loop. <u>Local telephone plant costs are real; they are necessarily incurred for each subscriber by virtue of that subscriber's interconnection into the local network, and they must be recovered regardless of how many or how few interstate calls (or local calls for that matter) a subscriber makes</u>." [38]

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[36] *Smith v. Illinois Bell Telephone Co.*, 282 U.S. 133 (1930)("*Smith*").
[37] *See, In the Matter of Jurisdictional Separations and Referral to the Federal-State Joint Board*, CC Docket No. 80-286, 25 FCC Rcd 3457, at n. 3 (2010).
[38] *NARUC v. FCC*, 737 F.2d 1095, 1112-1114 (D.C. Cir. 1984)("NARUC") (emphasis supplied).

A few years later, the same Court rejected arguments that these non-traffic sensitive costs are a "subsidy."[39] And, in discussing *Smith*, the role of separations and cost recovery yet again, the D.C. Circuit confirmed that separations and cost recovery are linked: "In common with Smith, this dispute is not simply a debate on bookkeeping theory."[40] After setting forth an example of jurisdictionally separated and allocated costs, the Court observed "It [the local exchange carrier] is entitled to receive those sums from the appropriate customers under rates set by governmental authorities. There is no dispute."[41]

In sum, separations and cost recovery are inextricably linked. No Court addressing the topic has held otherwise, because, as the D.C. Circuit observed: "Local telephone plant costs are real."[42] And while this Commission certainly has some latitude in the subsequent rate design by which cost recovery occurs,[43] any plan to simply ignore their recovery would surely founder.

The *NPRM* apparently proposes to accomplish precisely this result, however, by interrupting loop cost recovery for rural incumbent carriers. In the short term, it appears that interstate common line support ("ICLS"), which represents a portion of these loop costs, will be cut by the elimination of associated expenses. It appears that these amounts (along with high cost loop support and local switching support) will be used to fund a low-bid auction in 2012.[44] In the long term, it appears that the Commission would place all rural ILEC revenue streams into competitive bidding.[45]

From the *NPRM*'s proposal, it appears that the link between interstate revenue requirements and cost recovery will surely be broken. And, even if an auction winner becomes

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[39] *See, Rural Telephone Coalition v. FCC*, 838 F.2d 1307, 1315 (D.C. Cir. 1988) quoting. *MCI Telecommunications Corp. v. FCC*, 675 f.2d 408, 416 (D.C. Cir. 1982).
[40] *Crockett Telephone Co. v. FCC*, 963 F.2d 1564, 1568 (D.C. Cir. 1992) (emphasis supplied).
[41] *Id.*
[42] *NARUC*, supra.
[43] *Id.* at 1142.
[44] *NPRM* at ¶¶21-24; 194-200.
[45] *NPRM,* at ¶¶30-31, 44, 400.

the universal service provider, does the *NPRM* contemplate that the rural incumbent will stop originating and terminating interstate calls to its customers? If so, would the incumbent be expected to do this without charge to other carriers? If so, would the incumbent also lose its End User Common Line charge, or would the Commission re-prescribe such charges? How would such a result square with state and federal statutory requirements bearing upon common carrier and carriers of last resort obligations?

At bottom, it appears that the *NPRM* proposes to separate cost assignment from cost recovery by the redirection of loop-related revenue streams currently included in the high cost mechanism, as discussed later, to another universal service fund recipient. And, such would be the case regardless as to whether the incumbent carriers remained in the interstate access market for either business reasons or reasons related to regulatory requirements.

In sum, Blooston Rural Carriers are mindful of the necessity of funding the improvement and advancement of broadband service in rural areas. The recovery of ICLS costs is by no means inconsistent with that goal, however. As ICLS related investment is recovered and customers transition to broadband service, such ICLS amounts may be phased out in favor of a different recovery mechanism. At the end of the day, however, interstate costs must still be recognized and recovered, consistent with *Smith*. Any contrary result would not only constitute a radical departure from the Commission's own policy on cost causation and recovery, but would subvert the means by which broadband deployment can be achieved.

VIII. THE COMMISSION SHOULD ADDRESS VIRTUAL NXX PRACTICE AND THE ROLE OF VOLUNTARY INDUSTRY STANDARDS

The practice of Virtual NXX has produced a myriad of Court and regulatory proceedings across the country, with attendant consequences in litigation expense, loss of toll support and an increase in expense for rural ILECs.[46] Through the geographic separation of telephone numbers from the rate center, with which the NPA-NXX number block is associated in the Local Exchange Routing Guide ("LERG"), a call that is normally long distance (or "interexchange") in nature is made to appear as a local call. This is because the call appears to be local in the ILEC rate center in which the call originates, but in fact the locally rate centered number has been assigned by the interconnected carrier (a wireless or wireline CLEC) to persons resident <u>outside</u> the ILEC's local calling area.[47]

The *NPRM* specifically seeks comment on this subject. This Commission should rule that the practice of Virtual NXX – that is the geographic removal of a telephone number from outside the rate center (or local calling area) where the number block is rate centered in the LERG – results in non-local calling. This holding should specifically apply to wireless carriers, as in the *Sprint VNXX Petition Public Notice*.

The geographic separation of these numbers, as described, deprives rural ILECs of toll support, where VNXX is used to defeat interexchange calling routes. Such toll support could better be invested in maintaining and advancing local exchange and broadband platforms. The Blooston Rural Carriers accordingly urge the Commission to rule on this issue, and put an end to the wasteful patchwork of litigation that results from this unprincipled practice.

IX. CONCLUSION

The Commission's existing federal High Cost Fund ("HCF") support mechanisms for rural local exchange carriers ("RLECs") have enabled small companies with limited financial

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[46] *See Qwest Corp. v. Wash. State Utils. & Transp. Comm'n*, 484 F. Supp. 2d 1160 (W.D. Wash. 2007); *Global NAPS v. Alltel Georgia, Inc.*, Order on Disputed Issues, Ga. Pub. Serv. Comm'n Docket No. 14529-U.

[47] *See, e.g. Comment Sought On Sprint Petition For Declaratory Ruling Regarding The Rating And Routing Of Traffic By ILECs*, CC Docket No. 01-92, Public Notice, 17 FCC Rcd 13859 (2002) (Sprint VNXX Petition Public Notice); *NPRM* at ¶¶678 and n. 1076.

resources and virtually no access to capital markets to bring voice service and broadband service to residents of the most sparsely populated and expensive-to-serve portions of Rural America. While completion of the ongoing evolution from the current multiple-use, broadband-capable network to the National Broadband Network will require some adjustments to HCF and intercarrier compensation mechanisms, adjustments should not comprise the "redistribution" of substantial amounts of HCF support from the RLECs that need it and are using it effectively and efficiently, as proposed by the Commission.

As shown herein, not only would the Commission's proposed adjustments halt or reverse the successful deployment of broadband infrastructure and services by RLECs, a number of the Commission's proposed actions, including those with respect to Phase 1 CAF, and changes to high-cost loop support, local switching support, corporate operating expense and intercarrier compensation, are based on assumptions that are not supported by the record. Further, the Commission's analysis of its authority to make a number of its proposed changes is flawed.

In the alternative, the Blooston Rural Carriers support the high-cost support and intercarrier compensation reform plan that will be submitted in this proceeding on April 18, 2011 by the Rural Associations (the "Rural Association Plan"). The Rural Association Plan will enable RLECs to recover their investments in the existing infrastructure they deployed under current rules and retain the quality of their existing broadband and voice services, while permitting them to invest further in the upgrades necessary to get to the broadband speeds and service levels that the Commission will mandate and support.

The Blooston Rural Carriers also strongly support reform of the existing universal service contribution mechanisms to expand the base of contributors to encompass all service providers that use the existing multiple-use network and that will use the National Broadband Network.

Therefore, based on the foregoing, the Blooston Rural Carriers urge the Commission to reject the proposed changes to the universal service and intercarrier compensation mechanisms as discussed herein and, in the alternative, adopt the proposals in the Rural Association Plan.

Respectfully submitted,
THE BLOOSTON RURAL CARRIERS

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ATTACHMENT A: THE BLOOSTON RURAL CARRIERS

All West Communications
BEK Communications Cooperative
Cal Ore Telephone Company
Cameron Telephone Company LLC
Citizens Telephone Company
Copper Valley Telephone Cooperative
Dakota Central Telecommunications Cooperative
Delcambre Telephone Company LLC.
Dickey Rural Telephone Cooperative
Dubois Telephone Exchange, Inc.
Dumont Telephone Company
Farmers Telephone Cooperative, Inc
Golden West Telecommunications Cooperative
Harrisonville Telephone Company
Hinton Telephone Company
Horizon Telcom, Inc.
Lincoln County Telephone System Inc
Manti Telephone Company
Midstate Communications, Inc.
Nucla-Naturita Telephone Company
Peñasco Valley Telephone Cooperative, Inc.
Pinnacles Telephone Company
Polar Communications
Ponderosa Telephone Co., Inc.
Public Service Telephone Company
Red River Telephone
Rockwell Cooperative Telephone Assn
Shawnee Telephone Company
Siskiyou Telephone Company
Star Communications
Venture Communications Cooperative
Waitsfield-Fayston Telephone Co., Inc.
West River Cooperative Telephone Company