John Staurulakis INCORPORATED

7852 Walker Drive, Suite 200
Greenbelt, Maryland 20770
phone: 301-459-7590, fax: 301-577-5575
internet: www.jsitel.com, e-mail: jsi@jsitel.com

REDACTED – FOR PUBLIC INSPECTION

June 8, 2011

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109 Clear Lake Independent Telephone Company Notice of *Ex Parte* Presentation to Wireline Competition Bureau

Dear Ms. Dortch:

This request for confidentiality is made on behalf of Clear Lake Independent Telephone Company ("Clear Lake") pursuant to the September 16, 2010 Protective Order in CC Docket No. 01-92, WC Docket Nos. 05-337, 07-135 and 10-90 and GN Docket No. 09-51.[1] Clear Lake seeks confidential treatment of the data attached to the above-referenced Notice of Ex Parte Presentation.

Pursuant to paragraph 4 of the Protective Order, non-redacted and redacted versions are filed herewith. Each page of the non-redacted submission is marked "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION". Each page of the redacted submission is marked "REDACTED - FOR PUBLIC INSPECTION". The redacted version is also being filed this date via the FCC's Electronic Comment Filing System.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ John Kuykendall

John Kuykendall
Vice President
on behalf of
Clear Lake Independent Telephone Company

Attachment

cc: Lynne Hewitt Engledow, Wireline Competition Bureau (two copies non-redacted)

[1] *See Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Protective Order, 25 FCC Rcd 13160 (WCB 2010)

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Re: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109 Notice of *Ex Parte* Presentation

Dear Ms. Dortch:

On June 6, 2011, Jan Lovell, Tom Lovell and Doug Klein of Clear Lake Independent Telephone Company ("Clear Lake") and John Kuykendall of John Staurulakis, Inc. ("JSI") met with Trent Harkrader, Amy Bender, Gary Seigel, and Alex Minard of the Wireline Competition Bureau. The subject of discussion was the impact of proposed National Broadband Plan universal service reforms on Clear Lake operations and service to its rural Iowa customers, including the local schools, library, non-profit, public safety and local government institutions. Attached is a copy of the presentation which included maps, testimonials and impact data.

Jan Lovell illustrated how, through the existing universal service programs, Clear Lake has brought many benefits to the rural communities it serves, including the provision of broadband services essential to key community institutions and referenced the testimonials provided in the presentation. Ms. Lovell then described Clear Lake's integral role in the local economy by citing the fact that the company is a major contributor to the local communities both financially and with managers lending their expertise to community organizations and the area community college which recruits new industry and supports existing ones.

Additionally, Ms. Lovell cited specific examples of how the company's fiber network has been an important tool in recruiting and maintaining industries in the local communities. Ms. Lovell further stated that the critical role of the Clear Lake network is underscored by the fact that four of the major wireless companies in their area use the company's facilities as their backbone to connect their towers to their switching facilities. Ms. Lovell also discussed several ways that the company ensures that its operations are run in the most efficient manner including utilization of consultant reports which provide national benchmarks for management and employee performance. Ongoing staff training and implementation of a new software system for maintaining plant related records, electronic scheduling of technician appointments, provisioning services and paperless record management are two other ways efficiencies have been increased.

Tom Lovell explained how rate of return regulation has provided the stability necessary to make long-term investments in the company's network and has provided the confidence that the company's loans with the Rural Telephone Finance Cooperative (RTFC) and a grant/loan awarded by the Rural Utilities Service Broadband Initiative Program (RUS BIP) to finance the company's capital improvement projects would be able to be paid off. Mr. Lovell then reviewed the near-term

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universal service reform proposals set forth in the Notice of Proposed Rulemaking ("NPRM")[1] and demonstrated that: (1) the corporate operations expense recovery must not be eliminated because these expenses are critical to the operation of any company, not just telephone companies and should be eligible for recovery; (2) local switching support must not be eliminated because even though the company has deployed a softswitch, there are still ongoing maintenance and support fees as well as training costs for new features that are deployed which should be recovered; and (3) safety net additive support must not be eliminated. Mr. Lovell observed that rural industry commenters have proposed alternative ways to address the Commission's concern that some companies are qualifying for the support based entirely on the loss of access lines and provided data that demonstrated that Clear Lake qualified solely because the company has heavily invested in its network.

Next, Mr. Lovell reviewed the impact statement showing the combined impact of the NPRM's reform proposals on the company and showed how the company would fail to meet the Times Interest Earned Ratio ("TIER") required by the RTFC loan and the loan associated with the grant/loan awarded by RUS BIP. Mr. Lovell noted that there are many other RUS, RTFC and CoBank rural telephone company borrowers that would be in the same position.

In conclusion, Mr. Lovell urged the Commission to consider alternative proposals for reforms that maintain the elements that have led to the success of universal service, and that allow an adequate transition period.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ John Kuykendall
John Kuykendall
Vice President
on behalf of
Clear Lake Independent Telephone Company

cc: Trent Harkrader
Amy Bender
Gary Seigel
Alex Minard

Attachment

[1] *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, and Lifeline and Link-Up*, WC Dockets No. 10-90 et al., FCC 11-13 (rel. Feb. 9, 2011); 76 Fed. Reg. 11632-11663 (2011).

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Clear Lake Independent Telephone Company

107 N. 4th Street
Clear Lake, Iowa 50428

FCC Ex Parte Meeting
June 6-7, 2011

- Through the existing Universal Service programs, Clear Lake Independent Telephone Company (CL Tel) has been able to bring many benefits to the rural communities that it serves. As demonstrated by the attached testimonials, examples include benefits to:
  - School System
  - Library
  - Non-profits
  - Public Safety Institutions
  - Local Government
- Universal Service must directly support the deployment and maintenance of broadband services in a way that does not jettison the essential elements that have led to the success of universal service which include:
  - Corporate Operations Expense Recovery
  - Local Switching Support
  - Safety Net Additive Support
- As demonstrated in the attached impact statement, the near-term proposals in the FCC's Notice of Proposed Rulemaking on universal service reform would have a significant negative impact on these essential elements.
- Clear Lake urges the Commission to consider alternative proposals that address the Commission's concerns in a way that maintains the elements that have led to the success of USF.

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ATTACHMENT 1

MAPS

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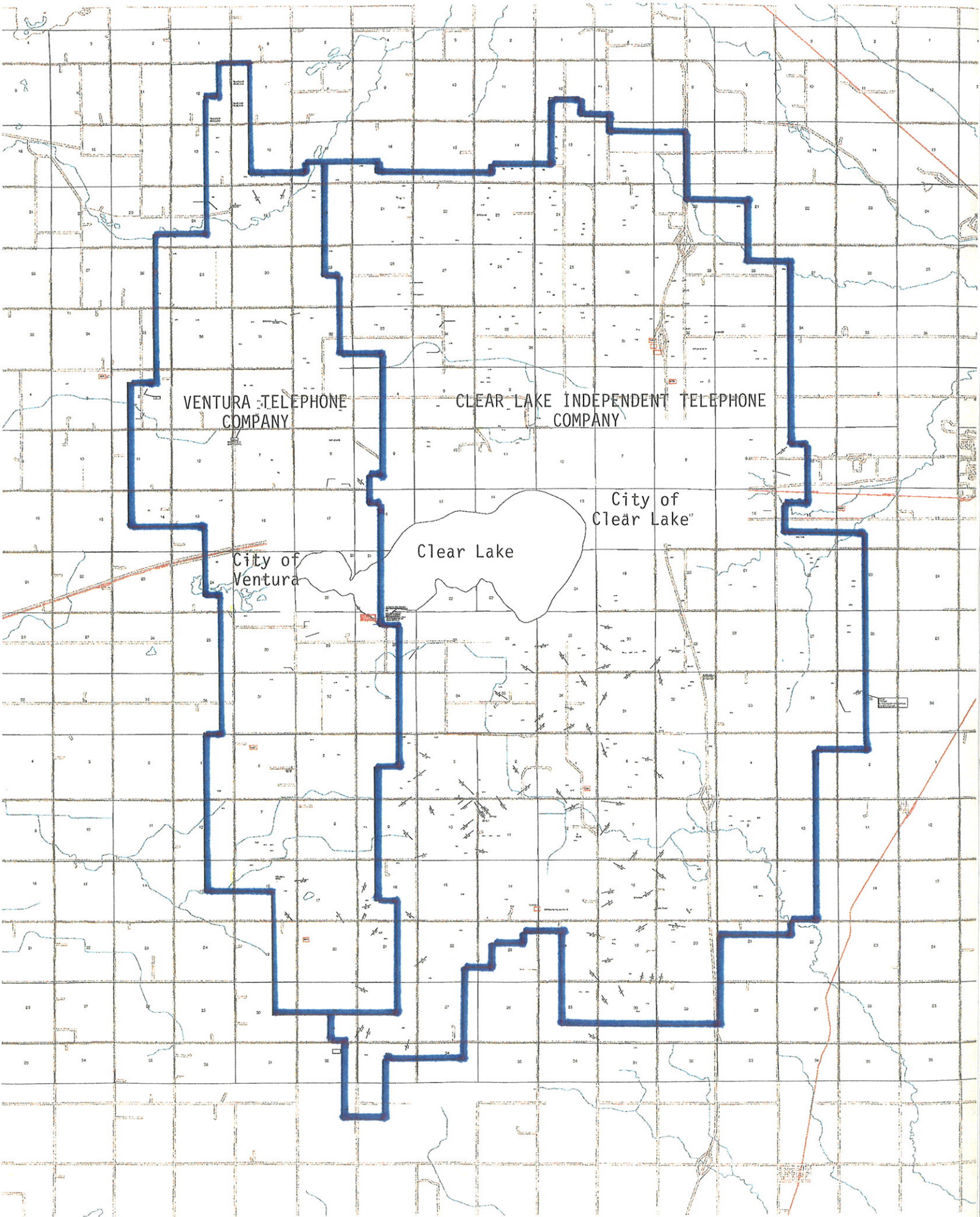
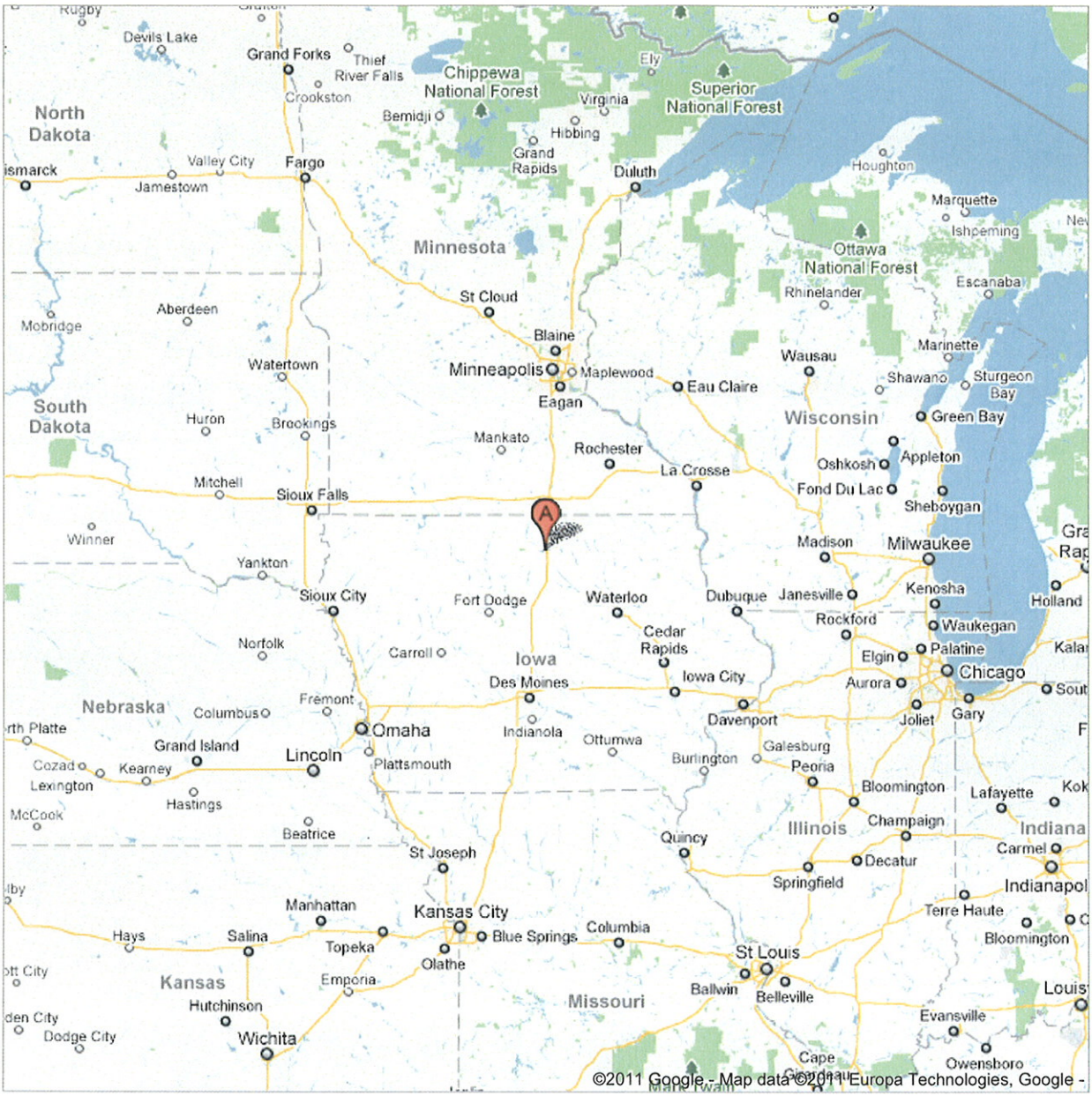


Google maps Address **Clear Lake, IA 50428**

Get Google Maps on your phone
Text the word "GMAPS" to 466453



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ATTACHMENT 2

TESTIMONIALS

- Superintendent, Clear Lake Community Schools
- Director, Clear Lake Public Library
- Director, Clear Lake Arts Center
- Chief, Clear Lake Police Department
- Mayor, City of Clear Lake

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Anchored in Excellence!

Clear Lake Community Schools

Anita Micich, Superintendent of Schools • amicich@clearlakeschools.org
1529 3rd Ave. N. • Clear Lake, Iowa 50428 • Phone: 641-357-2181 • Fax: 641-357-2182 • www.clearlakeschools.org

May 23, 2011

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *FCC National Broadband Plan and Pending Universal Service Reform*

Mr. Chairman:

The Clear Lake Community School District is comprised of four school buildings serving 1318 students in Clear Lake, Iowa. The Clear Lake Community School District provides this letter of support for Clear Lake Independent Telephone Company, Inc. (CL Tel) which has always been our community-based full-service provider of telecommunications and broadband services. We are aware of the pending rulemakings before the FCC regarding the National Broadband Plan and efforts to reform the Universal Service Fund (USF) and write this letter in support of CL Tel and a reform plan that will allow CL Tel to continue to provide excellent service and support for our schools and community for years to come.

CL Tel has always worked with the Clear Lake Community School District to improve telecommunications and to expand broadband to enable students, teachers, administrators, and parents to keep up in the rapidly evolving world of technology. This is especially important in rural areas of the country.

CL Tel built a Wide Area Network (WAN) connecting all of our school buildings with fiber over fifteen years ago and continues to upgrade and improve the network as bandwidth capacity demand increases. The network was originally built as a 10Mbps network and has been upgraded to a 100Mbps at no cost to the district.

CL Tel has also worked with us by providing discounted services that utilize the fiber network. We currently receive free: high speed DSL service, static IP and Personal Video Recorder at the High School Principal's office, Middle School and Clear Creek Elementary. We also receive a substantial a discount on the WAN connecting all of our

buildings. The total annual savings is $25,858.20 and is critical to our mission of providing the very best education for the students in our district. Because of reduced support from the State of Iowa, we had to cut over $600,000.00 from our budget for next year. This has resulted in the layoff of teachers and paraprofessionals. Without the free and discounted services from CL Tel we would have had to reduce our staff even further.

The Clear Lake Community School District appreciates your consideration that CL Tel has made a positive impact on us and our community and that any reform made to USF as part of the National Broadband Plan recognize the importance of support programs for rural community-based providers of high-quality telecommunications and broadband services.

Sincerely,

Anita M. Micich
Superintendent of Schools

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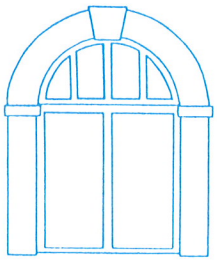

CLEAR LAKE PUBLIC LIBRARY
200 North 4th Street
CLEAR LAKE, IOWA 50428
(641) 357-6133
www.cllibrary.org

June 2, 2011

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: FCC National Broadband Plan and Pending Universal Service Reform

Mr. Chairman:

The Clear Lake Public Library serves 9,000 residents of Clear Lake, Iowa and the surrounding rural area. The Clear Lake Public Library provides this letter of support for the Clear Lake Independent Telephone Company, Inc. (CL Tel) which is our community based full-service provider of telecommunications and broadband services. We are aware of the pending rulemakings before the FCC regarding the National Broadband Plan and efforts to reform the Universal Service Fund (USF) and write this letter in support of CL Tel and a reform plan that will allow CL Tel to continue to provide outstanding service and support for our community library for years to come.

CL Tel has worked with the Clear Lake Public Library to improve its telecommunications and to expand broadband services to provide access to the information age for persons of all ages. Clear Lake's educational institutions, business community, city government and individual telecommunications users have benefited greatly because of CL Tel's commitment to always providing the cutting edge in communications technology to its users. This is especially important in such a rural area. The Clear Lake Public Library has received free high speed DSL service at an annual savings of $839.40 for many years.

CL Tel was also a major contributor to the library's $2 million expansion and renovation capital campaign which began in 1999. Its owners Jan and Tom Lovell volunteered countless hours as co-chairs of the capital campaign and Jan Lovell served as a Library Board Trustee for twelve years prior to the capital campaign.

The Clear Lake Public Library appreciates your consideration that CL Tel has made a positive impact on us and our community, and we would request that any reform made to USF as a part of the National Broadband Plan recognize the importance of support programs for rural community-based providers of high-quality telecommunications and broadband services.

Sincerely,

Jean Casey

Jean Casey, Library Director

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clear lake center

June 2, 2011

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *FCC National Broadband Plan and Pending Universal Service Reform*

Mr. Chairman:

The Clear Lake Arts Center serves residents of Clear Lake, Iowa and the North Central Iowa area. The Clear Lake Arts Center provides this letter of support for Clear Lake Independent Telephone Company, Inc. (CL Tel) which has been our community-based full-service provider of telecommunications and broadband services. We are aware of the pending rulemakings before the FCC regarding the National Broadband Plan and efforts to reform the Universal Service Fund (USF) and write this letter in support of CL Tel and a reform plan that will allow CL Tel to continue to provide excellent service and support for our arts center and community for years to come.

CL Tel has worked with the Clear Lake Arts Center to improve its telecommunications and to expand its broadband services. This is especially important in rural areas of the country. The Clear Lake Arts Center has received free high speed DSL service and free voice mail at an annual savings of $874.80 for many years.

CL Tel also was a major contributor to the art center's recent building acquisition and renovation capital campaign. Jan Lovell, an owner of CL Tel, was a volunteer member of the Clear Lake Arts Center Board of Directors for several years and co-chaired the committee that started the artists in the schools program.

The Clear Lake Arts Center appreciates your consideration that CL Tel has made a positive impact on us and our community and that any reform made to USF as part of the National Broadband Plan recognize the importance of support programs for rural community-based providers of high-quality telecommunications and broadband services.

Sincerely,

Kim Larson
Clear Lake Arts Center Director

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"To Protect And Serve"

CLEAR LAKE POLICE DEPARTMENT

Chief Greg Peterson
511 1st Avenue North • P.O. Box 291 • Clear Lake, Iowa 50428
Phone (641) 357-2186 • Fax (641) 357-7172

June 3, 2011

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *FCC National Broadband Plan and Pending Universal Service Reform*

Mr. Chairman:

The Clear Lake Police Department serves the communities of Clear Lake and Ventura, Iowa. The Clear Lake Police Department provides this letter of support for Clear Lake Independent Telephone Company, Inc. (CL Tel) which has been our community-based full-service provider of telecommunications and broadband services. We are aware of the pending rulemakings before the FCC regarding the National Broadband Plan and efforts to reform the Universal Service Fund (USF) and write this letter in support of CL Tel and a reform plan that will allow CL Tel to continue to provide excellent service and support for our library and community for years to come.

CL Tel has worked with the Clear Lake Police Department to improve its telecommunications and to expand broadband services to enhance its law enforcement and public safety mission. This is especially important in rural areas of the country. The Clear Lake Police Department has received free wireless service for over 10 years. CL Tel is also working with our department to use its fiber optic network to deploy security cameras in strategic locations throughout our community. It has also extended its "fiber to the home network" to a neighborhood where the new fire station is located. This will allow us to extend the Police Department's network to the new fire station.

The Clear Lake Police Department appreciates your consideration that CL Tel has made a positive impact on us and our community and that any reform made to USF as part of the National Broadband Plan recognize the importance of support programs for rural community-based providers of high-quality telecommunications and broadband services.

Sincerely,

Greg Peterson

Chief Greg Peterson
Clear Lake Chief of Police

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"Sailing Ahead" With the City of
CLEAR LAKE
"Where People Make the Difference"

CITY OF CLEAR LAKE

15 North 6th Street • P.O. Box 185 • Clear Lake, IA 50428
Phone (641) 357-5267 • Fax (641) 357-8711
www.cityofclearlake.com

Mayor
NELSON P.
CRABB

City Administrator
SCOTT
FLORY

COUNCIL MEMBERS

SHANE W.
COONEY
Ward 1

TONY J.
NELSON
Ward 2

BEN
FURLEIGH
Ward 3

MIKE
CALLANAN
At Large

TERRY
UNSWORTH
At Large

June 2, 2011

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *FCC National Broadband Plan and Pending Universal Service Reform*

Mr. Chairman:

As mayor of the City of Clear Lake, Iowa, I provide this letter of support for Clear Lake Independent Telephone Company, Inc. (CL Tel) which has been our community-based full-service provider of telecommunications and broadband services. We are aware of the pending rulemakings before the FCC regarding the National Broadband Plan and efforts to reform the Universal Service Fund (USF) and write this letter in support of CL Tel and a reform plan that will allow CL Tel to continue to provide excellent service and support for our community for years to come.

CL Tel is providing the City of Clear Lake with free high speed DSL service plus four additional emails at the City Clerk & Water Department ($89.95 per month), free high speed DSL service at the City Parks & Recreation ($69.95 per month), free high speed DSL service at the City Public Library ($69.95 per month), free high speed DSL service to the City Engineer ($69.95 per month), and free Video ($41.95 per month) and free high speed DSL service ($69.95 per month) to the Aquatic Center. This is a monthly savings of $412.00 and an annual savings of $4,940.40. CL Tel has contributed these services since June 2007.

CL Tel has worked with the City of Clear Lake in a leadership role in raising over 2 million Dollars for the expansion of our Public Library. It has been a major contributor in all of our public/private capital campaigns such as: the Public Library, swimming pool, Central Gardens, lake restoration and Art Center projects.

CL Tel also very involved in our economic development efforts and has built out the needed fiber infrastructure to attract new businesses and help our existing businesses grow.

As mayor of Clear Lake, I appreciate your consideration that CL Tel has made a positive impact on us and our community and that any reform made to USF as part of the National Broadband Plan recognize the importance of support programs for rural community-based providers of high-quality telecommunications and broadband services.

Sincerely,

Mayor Nelson Crabb
City of Clear Lake

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ATTACHMENT 3

IMPACT STATEMENT

Clear Lake

SAC ID: 351132
NPRM Proposed Changes

FCC proposes to eliminate (or reduce) support for corporate expenses in all funding mechanisms.

High Cost Loop Fund Changes:

Current HCL Support*			Redacted
Reduction due to algorithm change	(stand alone)	Redacted	
Reduction due to elimination of Corp. Exp.	(stand alone)	Redacted	
Combined effect (run together)			Redacted
Increase due to resizing of NACPL	(assumed NACPL reduction of 26.86%)		Redacted
Revised HCLF Support			Redacted

FCC proposes to reduce the reimbursement percentages for high-cost loop support from the current percentages of 65% for qualifying study area loop costs between 115 - 150% and 75% for qualifying study area loop costs in excess of 150% to 55% and 65%, respectively.

Local Switching Support Changes:

Current LSS	Redacted
Reduction due to elimination of Corp. Exp.	Redacted
Revised LSS Support	Redacted

The FCC seeks to eliminate local switching support, or combine this program with high-cost loop support. Alternatively, the FCC would combine the LSS program into the HCLS program—creating a LHCS hybrid, using an algorithm similar to HCLS.

Interstate Common Line Support Changes:

Current ICLS	Redacted
Reduction due to elimination of Corp. Exp.	Redacted
Revised ICLS Support	Redacted

Safety Net Additive

Current Safety Net Support	Redacted
Reduction due to elimination of Safety Net	Redacted
Revised Safety Net	Redacted

The FCC seeks to eliminate safety net additive support immediately, or implement a phase-down over possibly three years.

	Original	Revised	Impact	% Change
HCLF	Redacted	Redacted	Redacted	Redacted
LSS	Redacted	Redacted	Redacted	Redacted
ICLS	Redacted	Redacted	Redacted	Redacted
Safety Net	Redacted	Redacted	Redacted	Redacted
Totals	Redacted	Redacted	Redacted	Redacted
Loops	Redacted	Redacted	Redacted	Redacted
USF/Loop/Year	Redacted	Redacted	Redacted	Redacted

*2010-1 NACPL of $458.36