



REDACTED – FOR PUBLIC INSPECTION

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

July 27, 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 Mid-Plains Rural Telephone Cooperative, Inc. Notice of *Ex Parte* Presentation**

Dear Ms. Dortch:

This request for confidentiality is made on behalf of Mid-Plains Rural Telephone Cooperative, Inc. (“Mid-Plains”) 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.<sup>1</sup> Mid-Plains 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  
Mid-Plains Rural Telephone Cooperative, Inc.

Attachment

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

<sup>1</sup> See *Developing a Unified Inter-carrier Compensation Regime*, CC Docket No. 01-92, Protective Order, 25 FCC Rcd 13160 (WCB 2010)

Echelon Building II, Suite 200  
9430 Research Blvd.  
Austin, Texas 78759  
phone: 512-338-0473, fax: 512-346-0822

Eagandale Corporate Center, Suite 310  
1380 Corporate Center Curve  
Eagan, Minnesota 55121  
phone: 651-452-2660, fax: 651-452-1909

6849 Peachtree Dunwoody Road  
Building B-3, Suite 200  
Atlanta, Georgia 30328  
phone: 770-569-2105, fax: 770-410-1608

547 South Oakview Lane  
Bountiful, Utah 84010  
phone: 801-294-4576, fax: 801-294-5124



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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 July 25, 2011, Brent Kennedy of Mid-Plains Rural Telephone Cooperative, Inc. (“Mid-Plains” or “Cooperative”), Josh Seidemann of the National Telecommunications Cooperative Association (“NTCA”) and John Kuykendall of John Staurulakis, Inc. (“JSI”) met separately with Christine Kurth, Policy Director and Wireline Counsel to Commissioner Robert McDowell, and with Patrick Halley, Amy Bender and Amy Beier of the Wireline Competition Bureau. On July 26, 2011, Brent Kennedy of Mid-Plains, Michael Romano of NTCA and John Kuykendall of JSI met separately with Angela Kronenberg, Wireline Legal Advisor to Commissioner Mignon Clyburn and with Margaret McCarthy, Wireline Policy Advisor to Commissioner Michael Copps. The subject of discussion was the impact of proposed National Broadband Plan universal service reforms on Mid-Plains operations and its rural Texas membership.<sup>1</sup> Attached is a copy of the presentation which was provided, an electronic copy of a binder containing information about the Cooperative and its staff and a spreadsheet demonstrating the impact of the NPRM proposals on the Cooperative’s Rural Utilities Service (“RUS”) “S” loan.

Mr. Kennedy described the Mid-Plains service territory which covers six rural counties in the Texas Panhandle spanning an area two times the size of Rhode Island. The Cooperative serves its members over copper and fiber facilities at a customer density of .72 per square mile. Seventy-six percent of the Cooperative’s Member customers are located outside incorporated towns. The towns where the remaining twenty-four percent live are very small, each having a population of no more than 900 persons or less.

<sup>1</sup> *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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Member customers include residents and business owners that form the local economy of manufacturing and agribusiness, schools, libraries and local government. Mr. Kennedy pointed out that Mid-Plains is a vital cog in the local economies as one of the largest employers in the area and through voluntary community support.

Mr. Kennedy demonstrated that the Cooperative effectively deploys broadband and highlighted the partnership with Texas A&M to connect campuses, funded by American Recovery and Reinvestment Investment Act awards and by significant Mid-Plains investment in the project.

Mr. Kennedy explained that current universal service and intercarrier compensation support is essential to Mid-Plains' ability to serve its customers, and raised concerns that the Commission's proposed universal service reforms will make it difficult, if not impossible, to continue to invest in the needs of its membership. The Cooperative committed to RUS loans based on the expectation that reasonable cost recovery mechanisms would be in place. The RUS loans allow for expanded broadband deployment at higher speeds, as well as upgrade to IP switching. The anticipated 28 percent reduction in universal support based on proposed reforms would jeopardize Mid-Plains' ability to meet its loan commitments and to continue to provide its telecommunications and broadband services. Mr. Kennedy urged the Commission to consider alternative proposals that would maintain the elements that have led to the success of universal service.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ John Kuykendall

John Kuykendall  
Vice President  
on behalf of  
Mid-Plains Rural Telephone Cooperative, Inc.

cc: Christine Kurth  
Angela Kronenberg  
Margaret McCarthy  
Patrick Halley  
Amy Bender  
Amy Beier

Attachment

# Mid-Plains Rural Telephone Cooperative, Inc.

FCC Ex Parte Meetings  
July 25-26, 2011



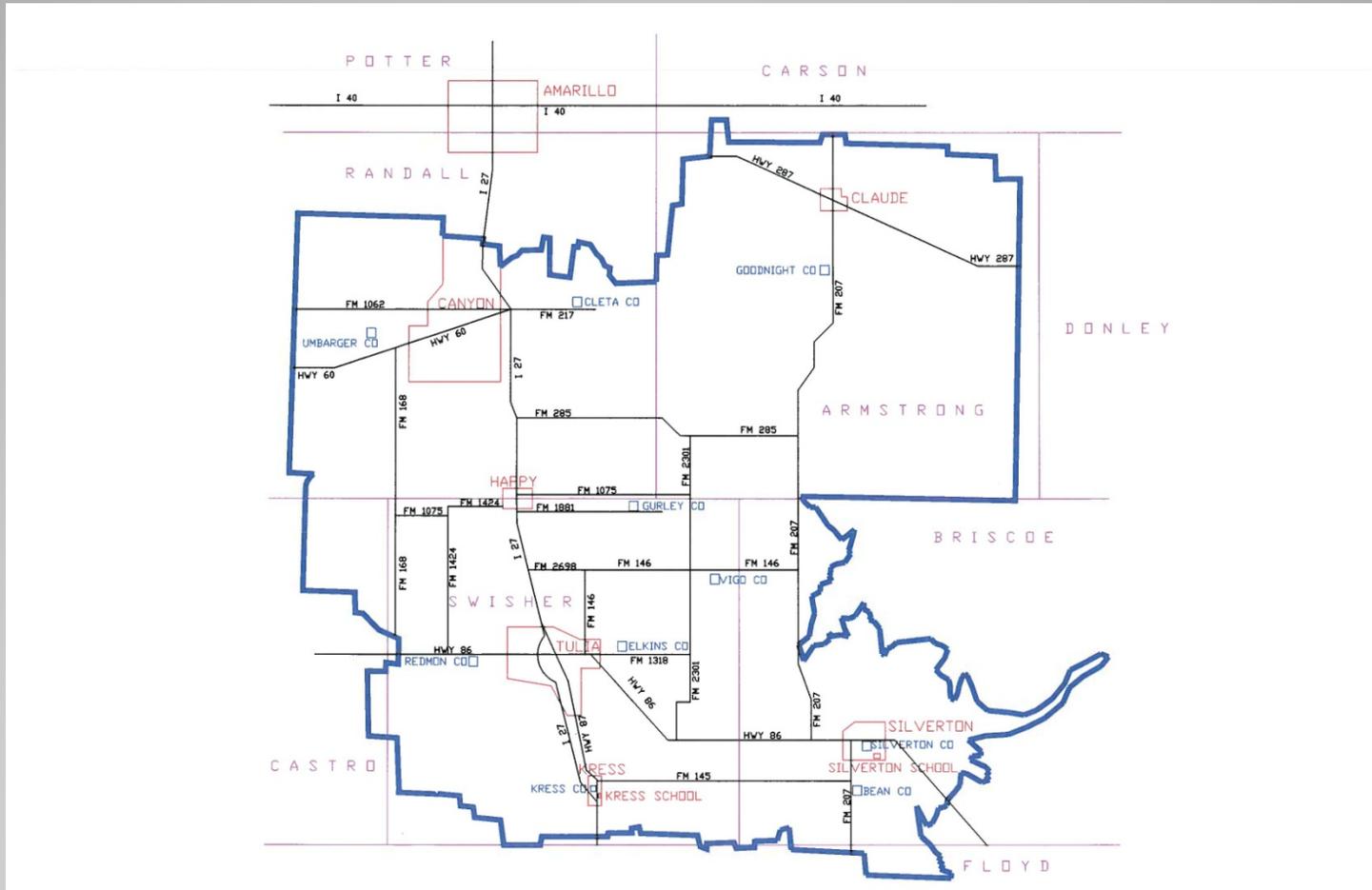
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## Mid-Plains Has Been Serving its Member Customers Since 1950

- Located midway between Amarillo and Lubbock.
- Exchange boundaries cover six rural counties in the Texas Panhandle.
- Mid-Plains' customers include residents and business owners that form the local economy of manufacturing and agribusiness.
  - Serving area contains feedlots, farms, wineries, ranches, soil-making company, restaurants, grocery stores, fueling stations, schools, libraries, local and county governments.

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# Mid-Plains' Service Area



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## Entirely Rural Service Area

- Mid-Plains serves 2,700 customers.
  - 24% (658) are in the towns of Silverton, Kress Town and Umbarger Town.
  - 76% (2055) are outside of incorporated areas.
- Each of these towns has a population of 900 or less.

## Significant Amount of Cable

- Service Territory covers a total of 3,769 square miles which is two times the size of Rhode Island.
  - Customer density by square mile is .72.
- The Company has 3,067 route miles of cable which translates to .90 customers per route mile.
  - 2,690 miles copper
  - 377 miles fiber
- The Company is still in the process of deploying fiber so this will grow another 40 or 50 miles.

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## One of the Largest Employers in the Area

- At 21 employees, Mid-Plains is one of the largest employers in the area.
  - The Company is a vital cog in the local economies of the communities it serves.
- The Company supports many worthy organizations, whether through donations or volunteers, to support efforts that are valuable to the community.
  - Examples include: local school scholarships, veterans associations, Future Farmers of America, 4H, Volunteer Fire and EMS departments.

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## Partnered with Texas A&M

- Mid-Plains has partnered with Texas A&M to build out several miles of fiber and to lease fiber to the University so it can interconnect its West Texas A&M campus in Canyon with its main campus in College Station.
  - The university plans to utilize professors in College Station to teach additional classes to students at Canyon.
  - The project is being funded with ARRA funds entirely to Texas A&M.
  - Without our participation, the university wouldn't be able to make this connection without spending significantly more funds. Mid-Plains is utilizing around \$100,000 of our own money for this project.

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## Broadband Penetration

- Mid-Plains has 1,560 DSL customers which is a high speed internet penetration rate amongst current access lines of over 57%.
- The Company currently has 710 FTTH customers and projects to add 1,000 more by the end of 2011 due to the deployment of FTTH. This would increase the penetration rate to 63%.

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## **USF and ICC are Essential to Mid-Plains' Ability to Serve its Customers**

- Federal universal service support constitutes approximately 46 percent of the Company's regulated revenues and approximately 40 percent of the Company's consolidated revenues.
- ICC constitutes approximately 17 percent of the Company's regulated revenues and approximately 13 percent of the Company's consolidated revenues.

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## Universal Support has Brought Many Benefits

- High costs, long loops and sparse population make any business very difficult; however, with help from cost recovery mechanisms and the determination of the members of the Cooperative, Mid-Plains has developed itself into a viable Cooperative based on the current cost recovery mechanisms.
- Without the cost recovery support currently in place, it will be very difficult, if not impossible, for Mid-Plains to continue to invest in the future needs of its membership.

## Mid-Plains is Dependent on USF to Repay its RUS "S" Loan

- Mid-Plains has increased its debt load to over \$20 million based on the expectation that reasonable cost recovery mechanisms would be in place to aid with the high cost of operating in the areas it serves.
  - Mid-Plains went to the Rural Utilities Service in 2008 to borrow over \$20 million to replace aged and deteriorating copper plant.
  - Loan proceeds were used to help maintain the Company's over 3,000 miles of cable which is required to provide the services the Company's membership so desires and to deploy a new softswitch from Metaswitch as well as almost \$2 million in new Calix equipment for its members' current and future needs.

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## Benefits from RUS "S" Loan

- RUS "S" Loan allows Company to:
  - deploy broadband-capable plant to our members;
  - upgrade our switching to IP based;
  - add electronic sites to provide higher speed internet to our members.
- The Company's copper and switching facilities were almost completely depreciated off the books and were at the end of their useful life. The directors made a decision to invest in the upgrading of the Company's network to be able to provide the future services our membership desires based on the recovery mechanisms in place at the time the decision was made.

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## Mid-Plains is Dependent on USF to Repay its Stimulus Loan

- Mid-Plains was awarded an RUS stimulus grant/loan of approximately \$2.8 million.
  - \$1.4 million is loan portion which the Company must repay.
  - \$1.4 million is grant
  - Company contributed \$182,000

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## **NPRM Would Significantly Reduce Amount of USF the Company Receives**

- As demonstrated in the impact statement, the near-term proposals in the FCC's Notice of Proposed Rulemaking on universal service reform would reduce the amount of universal service support that the Company receives more than 28 percent, a significant reduction for Mid-Plains.

**Mid-Plains**

SAC ID: 442112  
 NPRM Proposed Changes

High Cost Loop Fund Changes:

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

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

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 HCLF program—creating a LHCS hybrid, using an algorithm similar to HCLF.

Interstate Common Line Support Changes:

Current ICLS Redacted  
 Reduction due to elimination of Corp. Ex 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

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## **Reduction in USF Would Jeopardize Company's Ability to Meet its Loan Commitments**

- Currently, Mid-Plains is able to satisfy RUS TIER requirements.
- If NPRM proposals are adopted, Mid-Plains would consistently fail TIER.

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## **Reduction in USF Would Jeopardize Company's Ability to Provide its Services**

- The Company operates efficiently.
  - For example, the headquarters building is currently being retrofitted in order to provide the new, upgraded services to customers and existing staff will be utilized.
- NPRM proposals if adopted would severely negatively impact the ability of the Company to continue to provide its telecom and broadband services.

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## **FCC Should Change Direction on its Proposals**

- Mid-Plains urges the FCC to consider alternative proposals such as those proposed by the Joint Association Group that address the FCC's concerns in a way that maintains the elements that have led to the success of USF.

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