

**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 a Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Linkup)	WC Docket No. 03-109

**REPLY COMMENTS
IN RESPONSE TO AUGUST 3, 2011 FURTHER INQUIRY
INTO CERTAIN ISSUES IN THE UNIVERSAL SERVICE-INTERCARRIER
COMPENSATION TRANSFORMATION PROCEEDING**

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September 6, 2011

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BACKGROUND AND SUMMARY

Montana Independent Telecommunications Systems, LLC (MITS) respectfully submits its response to comments filed in Federal Communications Commission (“FCC” or “Commission”) Notice of Further Inquiry into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding (“NPRM”)¹, DA 11-1348, released August 3, 2011.

MITS is a statewide association of Montana rural telecommunications providers serving areas that are among the most remote, sparsely populated, and high-cost areas within the continental United States.² Their service areas range from approximately 1,000 to 30,000 square miles, with an average population density of 1.6 persons per square mile.

MITS members are cooperative or cooperative affiliated companies that provide high quality telecommunications services, wireline, wireless and broadband, in extremely rural areas of Montana. They serve remote areas where no other provider ventures as the carrier of last resort.

COMMENTARY

1. Universal service fund (USF) and intercarrier compensation (ICC) reforms must protect rural capital investments, ensure the sustainability of the telecommunications providers which took the risks and incurred the debts to deploy scalable, broadband-capable networks in high cost areas. USF and ICC revisions must be based upon recovery mechanisms that are predictable and sufficient.

MITS response to comments in these proceedings supplement comments previously filed.³ Further, on August 26, 2011, MITS filed an ex parte letter with the FCC indicating its

¹ *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, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, 26 FCC Rcd 4554 (2011) (*NPRM*).

² MITS members are Nemont Telephone Cooperative, Northern Telephone Cooperative, Project Telephone Company, Triangle Telephone Cooperative Association, Central Montana Communications, InterBel Telephone Cooperative and Mid-Rivers Telephone Cooperative, Inc.

³ MITS Reply Comments, *NPRM*, In the Matter of the *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; April 18, 2011; May 23, 2011.

support of the April 18, 2011, Universal Service Fund/Intercarrier Compensation/Connect America Fund reform proposal for rural rate-of-return incumbent local exchange carriers (the RLEC Plan) offered to the FCC by the National Telecommunications Cooperative Association (NTCA), the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), and the Western Telecommunications Alliance (WTA), and modified on July 29, 2011. The RLEC Plan is intended to meet specific objectives that enable adequate cost and revenue recovery and to encourage regulatory certainty. USF and ICC reforms must protect existing investments in high cost areas and offer future broadband support.

Joint comments filed by NECA, NTCA, OPASTCO and WTA (The Rural Associations), note that there are:

“...substantial differences in network design, investment requirements, equipment and bandwidth needs, congestion and maintenance issues, and service quality expectations between fixed and mobile networks and services. It will be far more efficient and effective for the Commission to adopt separate fixed and mobile support mechanisms than to seek a ‘one-size-fits-all’ mechanism that is likely to be too unwieldy to address successfully the needs of either rural wireline or wireless carriers, or their customers.”⁴

MITS agrees with the Rural Associations’ recommendation for the establishment of separate funding mechanisms for fixed and mobile networks. This is necessary to ensure that consumers in the Nation’s rural areas receive services comparable to those available in urban areas. MITS similarly concurs with the comments of the Rural Broadband Alliance (RBA) expressing concern that the FCC, in a fervor to take much-needed action in these proceedings, does not issue an unsustainable order that creates more instability or move backward.⁵

Any revisions to cost recovery mechanisms must fully comply with the Universal Service principles set forth in U.S.C. Sec 254 (b)(3):

“Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange

⁴ *Further Inquiry Into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51, Comments of NECA, NTCA, OPASTCO, WTA; August 24, 2011, p.12.

⁵ See Comments by Rural Broadband Alliance Comments, WC Docket No. 10-90, et al (filed Aug 22, 2011), p 26-35.

services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.”

Section 254 is the cornerstone of the 1996 Telecommunications Act. It must be noted that the RLEC Plan submitted to the FCC does not advocate constraining USF or reducing ICC funding by implementing funding caps or funding ceilings. The RLEC Plan is based upon the premise that ICC rate reductions will be delayed if sufficient funding is not available for sufficient high cost universal service support or intercarrier compensation reforms.

“To be clear, these funding targets should not be considered ‘caps’ to be adopted and implemented by rule.”⁶

MITIS is extremely concerned with the accelerated pace of these proceedings. The dockets have been on a fast track with severely compressed timeframes for submitting comments and extremely limited access to underlying data upon which proposed USF and ICC revisions purportedly are based. Models are being presented that have not yet been made public. There appears to be no opportunity for public scrutiny of the underlying supporting architecture of the revised plans.

Americans, providers and consumers, are relying upon the FCC to ensure that revisions to USF and ICC, along with implementation of new programs and new funding mechanisms, pass with flying colors the “test” of comparability, sufficiency, and predictability as envisioned in the 1996 Act.

2. The FCC must consider equally the effects of USF and ICC reforms on rural ILECs, rural CLECs, rural ETCs and rural CETCs, wireline and wireless.

The long term strategies and investment decisions made by the MITIS member companies, whether ILECs, CLECs, ETCs, CETCs, wireline, or wireless were based on the

⁶ *Further Inquiry Into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51, Comments of NECA, NTCA, OPASTCO, WTA; August 29, 2011, p.4-5.

premise of a sufficient and predictable cost recovery mechanism through which they may recover their investments in high costs areas incurred so that rural consumers would have access to telecommunications and advanced services. The FCC must address the issues of rural CLEC and wireless CETC cost recovery and rural CLEC access charge recovery in its reform plans in order to ensure that rural investments incurred with good faith do not become stranded. The continuation of cost recovery support is critical to the continued sustainability of rural networks, rural providers, and rural economies. The Montana Public Service Commission (MPSC) voiced serious concerns regarding the loss of funding for wireline and wireless CLEC/CETC providers in Montana.⁷

The MPSC has designated three wireline CETCs that serve ten existing CenturyLink (formerly Qwest Communications) exchanges in Montana. Within those ten exchanges, it has been the three wireline CETCs that offer consumers a variety of telecommunications and advanced services, including broadband, over modern networks. It has NOT been the incumbent ETC:

“There is absolutely no doubt that the vast majority of the wireline customers in those exchanges have migrated from the Century Link network to the more modern wireline CETC networks.”⁸

According to MPSC data, Qwest has lost 71% of its customer base in those exchanges since 2002.⁹ The MPSC states that, while it recently granted Qwest an Alternative Form of Regulation (AFOR) requiring it to deploy DSL in the 33 exchanges where broadband was not available, the MPSC agreed to waive that requirement for six of those exchanges because the

⁷ *Notice of Inquiry and Notice of Proposed Rulemaking*, WC Dkt 10-90; GN Dkt 09-51; WC Dkt 07-135; WC Dkt 05-337; CC Dkt 01-92; CC Dkt 96-45; WC Dkt 03-109; Reply Comments of the MT PSC, May 23, 2011; P 6-9.

⁸ *Further Inquiry Into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51, MT Public Service Commission, Reply Comments, May 23, 2011, p 8.

⁹ *Id* p.8,

three wireline CETCs had already deployed broadband!¹⁰ The MPSC succinctly summarized why wireline CETCs are vital to Montana consumers:

”In six of the ten wireline CETC exchanges, the wireline CETC is not only the predominant provider of wireline phone service, it is also the only provider of DSL broadband service. A loss of CETC support would threaten the viability of the CETCs and their networks. This could lead to a drop in broadband subscribership in rural Montana, the exact opposite of the National Broadband Plan goals.”¹¹

One of the MITS wireline member companies, Mid-Rivers Telephone Cooperative, Inc. (Mid-Rivers) projects that a phase out of USF support coupled with the potential loss of CLEC access revenue will result in the loss of millions of dollars. Ironically, it is Mid-Rivers that stepped in and made the network investments necessary to deploy quality telecommunications and broadband to the consumers living in rural high cost areas --- areas that the incumbent wireline provider chose to ignore.

In other instances over the past two decades, the large incumbent provider in Montana, opting not to continue serving some very high cost rural areas, alternatively opted to sell a number of exchanges to Montana independent cooperative companies. The purchasing companies have invested heavily and incurred debt to modernize the networks in the acquired exchanges. Broadband is now available to consumers in those rural exchanges.

The Right of First Refusal proposed for the price cap carriers applicable under the ABC Plan ignores the devastating consequences it would inflict on the rural competitive providers particularly in instances when it is the CLEC, such as Mid-Rivers, not the ILEC, that has clearly demonstrated a deep commitment to serve rural consumers. It is Mid-Rivers, the CLEC/CETC that made the network investments necessary to offer both telecommunications and broadband to the unserved and underserved ILEC subscribers. The FCC must clarify that the Right of First

¹⁰ Id. Mid-Rivers CETC, 3 Rivers CETC, and Range CETC

¹¹ Id, p.8.

Refusal is not applicable in areas being served by competitive providers. In competitive areas, funding support must be provided to the provider that made the investments in facilities in infrastructure that enabled it to serve the majority of the customer base.

In this matter, MITS supports the position of the MPSC as enumerated in its comments filed August 30, 2011. The MPSC expressed its concern that any determination related to the availability of broadband should be based upon a well-defined definition of broadband.¹²

The MPSC factually summarized the state of broadband in exchanges served both by the price cap incumbent, Qwest, and a competitive CETC:

Secondly, regarding the question asked by the FCC in its Public Notice as to whether the ROFR should go to the provider with the most broadband deployment in the relevant area rather than automatically to the incumbent local exchange carrier (ILEC), the MPSC answer to this question is yes. In Montana, Qwest was the major price cap carrier until it was recently acquired by CenturyLink. CenturyLink/Qwest has certain wire centers in Montana in which it has not deployed any broadband. These wire centers have been overbuilt by Competitive Eligible Telecommunications Carriers (CETCs)¹³ which have made broadband available to more than 35% of the service locations. In addition, those CETCs have taken a significant portion of the CenturyLink/Qwest customer base. Thus, those wire centers have one supported carrier offering broadband; that carrier is not the ILEC, but is instead the CETC. Clearly the CAF support should go to the CETC. The CETCs in these instances have made the investment, the CETCs have the customers, and auctions or competitive bidding in such cases are not appropriate.

In addition, the MPSC is concerned about the situations where both the ILEC and the CETC may have broadband available to more than 35% of the service locations, which is possible in CenturyLink/Qwest wire centers in Montana that have been overbuilt by CETCs. In those cases there are two supported carriers offering broadband. The FCC Public Notice suggests the use of competitive bidding for ROFR in those instances. The MPSC strongly believes that market share or net investment should be analyzed instead because it is almost certain that, in such cases, one would find the net investment and market share of the CETCs would be significantly larger

¹² *Further Inquiry Into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51, Comments of MT PSC, Aug 30, p 4.

¹³ Three Rivers, Mid-Rivers, and Range CETCs

than that of the ILEC. Based on that analysis, again the ROFR should go to the CETC, not the ILEC.¹⁴

The MPSC filings in this proceeding consistently underscore how extremely important cost recovery mechanisms are for Montana ILECs, CLECs, ETCs and CETCs.

In addition to wireline CETC designations referenced above, the MPSC designated three rural wireless CETCs. The MPSC ordered the CETCs to build out their networks such that 98% of the population in their study areas would have access to wireless service. These CETCs are required to routinely file six-month build-out reports and quarterly service quality reports. The MPSC affirms that all three have either complied with the coverage provisions or are in the process of doing so.

As an example, the MPSC's comments filed on May 23, 2011, included attachments illustrating how one rural wireless CETC, Sagebrush Cellular, Inc., was able to expand consumer access to wireless networks within two large study areas, each of which includes one of Montana's seven Native Indian Reservations.¹⁵ There was virtually no wireless coverage in either study area prior to Sagebrush's CETC designation. Today, consumers living on and traveling across the Fort Peck Assiniboine & Sioux Reservation homelands, located in the northeast corner of Montana, have access to wireless cellular service. Approximately 6,000 of the 11,786 enrolled tribal members reside on or near the Fort Peck Reservation. The same holds true for the approximately 7,000 of the 11,000 enrolled members of the Crow Tribe of the Apsaalooke Nation living in south central Montana. Sagebrush Cellular now provides coverage

¹⁴ ¹⁴ *Further Inquiry Into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51, Comments of MT PSC, Aug 30, p 4-5..

¹⁵ *Notice of Inquiry and Notice of Proposed Rulemaking*, WC Dkt 10-90; GN Dkt 09-51; WC Dkt 07-135; WC Dkt 05-337; CC Dkt 01-92; CC Dkt 96-45; WC Dkt 03-109; Reply Comments of the MT PSC, May 23, 2011; P 6-9.

¹⁵ *Further Inquiry Into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51, MT Public Service Commission, Reply Comments, May 23, 2011, p 7-9, Attachments 2 and 3.

for 98% of the population in the Nemont study area (including the Fort Peck Reservation) and for 72% of the Project study area (including the Crow Reservation). This expanded wireless coverage was noted in the MPSC comments to the FCC.¹⁸

It should also be noted that the aggressive expansion of wireless service on the two reservations served by Sagebrush Cellular could not have been possible without the availability of universal service high cost support. The FCC's March 5, 2009, Order removed the limiting cap on high-cost support for CETCs serving tribal lands and covered locations. Preserving uncapped high-cost support for all subscribers located within tribal lands provided some assurances that companies like Sagebrush Cellular could continue to receive support in the tribal markets. It did not, however, provide similar assurances for Sagebrush Cellular services in frontier markets outside the tribal lands.

Facing strict cellular build out compliance requirements imposed by the Montana PSC as a condition of CETC designation, Sagebrush came face to face with the reality that additional build outs of towers and facilities off tribal lands would not be possible without some relief either from USF funding or waivers of MPSC build out requirements. On April 15, 2009, Sagebrush filed a request with the MPSC seeking an extension of time for completing its wireless facilities build out in the Project Telephone service area. On August 25, 2009, the MPSC granted the request. Its Order No. 6687b, Docket D2004.1.7, captured the essence of the effect that the FCC's 2008 USF cap imposed on competitive providers in Montana:

“The PSC finds merit in approving the SCI application for an extension of time. The PSC's Final Order No. 6687a addressed the unique circumstances that SCI faced. The PSC subsequently advised the FCC of the potential impact that an interim cap order would have upon certain CETCs. The April 15, 2009, SCI application identified the loss of Federal USF that stems from

¹⁸ *Further Inquiry Into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51, MT Public Service Commission, Reply Comments, May 23, 2011, p 7.

the FCC's interim cap order. The PSC finds that the FCC's interim cap order will now significantly delay the furtherance of universal telecommunications service goals for Project's customers. The delay in the achievement of 98% population coverage will deprive Project's customers access to advanced telecommunications services comparable to those that are available in urban areas. The PSC is aware of the exceptions made in the FCC's interim cap order of which SCI may avail itself. At present, the PSC believes that nothing less than an immediate abrogation of the FCC's interim cap could mitigate the obstacle SCI faces. The PSC finds that approving the application for an extension of time is in the public interest. The PSC approves of the three year extension that shall run serially from the five-year anniversary of the PSC's Final Order No. 6687a."²⁰

In its zest to curtail CETC funding, the FCC's May 5, 2008 Interim Cap Order (CC Docket 96-45) resulted in the postponement of wireless build outs and consumer access to wireless communications in frontier Montana. Additional reductions in CETC funding in remote rural areas will have similar adverse effects.

The expansion of CETC wireless footprints within remote rural study areas would not have been possible or sustainable without CETC cost recovery support. Today, consumers in these remote areas have broader access to wireless communications. Subscribers of the larger national wireless providers, which have built only a handful of cellular towers across these vast study areas, also share in the access to communications made possible by the investments made by rural wireless companies such as Sagebrush Cellular, Inc. and Mid-Rivers Telephone Cooperative, Inc. (dba Mid-Rivers Wireless). By investing in networks and infrastructure and by negotiating roaming agreements with the larger national providers, Sagebrush Cellular and Mid-Rivers Wireless have opened the doors to wireless communications in remote Montana.

Phasing out all wireline CLEC and wireless CETC cost recovery support will strand network investments, undermine economic growth, and significantly reduces consumer access to broadband in rural communities. The cost to the MITS members designated as CETCs will be

²⁰ *Docket D2004.1.7*, Order No. 6687b, MT Public Service Commission, Sept 3, 2009, p1-2.

extraordinary. Under the proposals being considered by the FCC, they and other rural providers like them will feel the pain most directly as support is shifted from rural CETCs into other support mechanisms targeted to price cap companies. In the case of these CETCs, the shift may well result in their inability not only to continue network expansions to new unserved or underserved areas, but also in the inability to sustain operations even where towers and networks already exist. It is a high cost for Montana's CETCs and rural consumers to bear. The consumers in the affected areas may ultimately find themselves among those deemed too costly to serve and thus relegated to less-than-desirable broadband services via satellite.

MITIS urges the Commission to consider equally the effects on ILECs and CLECs as policy changes are implemented. We encourage the Commission to ease the USF reductions on rural CETC operations and to provide for CLEC cost recovery of access revenue reductions from the Recovery Mechanism (RM) .

2. The Identical Support Rule should be quickly replaced with cost-based support for competitive eligible telecommunications carriers (CETCs).

MITIS agrees with commenters who urge the FCC to eliminate the identical support rule and to replace CETC support with a cost-based recovery mechanism. It should be noted that the growth of the high cost universal service fund is not attributed to small rural wireless CETCs. Rather, it is the large nationwide wireless providers, receiving high cost support based upon the costs of the incumbent providers that have steered the CETC funding increases. The growth in CETC funding can be remedied by elimination of the identical support rule coupled with consistent and universal standards established by the FCC after consultation with the State-Federal Joint Board on Universal Service. States must retain jurisdiction for ETC designations, certifications, and oversight. There must be reasonable compliance oversight that includes

minimum service quality standards, build-out requirements, and mandatory reporting to state regulatory agencies.

Cost recovery for rural eligible telecommunications carriers (ETCs), whether wireline or wireless, incumbent or competitive, should be based upon the providers' own costs.

3. The role of State Public Utility Commissions should be expanded rather than reduced as USF and access revisions are implemented.

The Telecommunications Act of 1996 explicitly established a mechanism for a Federal-State partnership in ensuring that all Americans have access to comparable telecommunications services and advanced services at rates comparable in urban and rural areas. Section 214(e) (2) of the 1996 Telecommunications Act assigns the responsibility for designation and oversight of ETCs to State Commissions. Congress clearly envisioned a Federal-State partnership with distinctive roles for the FCC and for State regulatory agencies. There has been no basis established that supports an elimination or transfer of State responsibilities and State oversight to the FCC. State commissions are best positioned as decision-makers for matters that so significantly affect their state's telecommunications providers and the consumers they serve. They are best poised to gather and analyze data for sound public interest considerations and solid decisions in matters with such considerable impacts on both providers and consumers within their states. In its August 31, 2011 filing with the FCC, the MPSC advocated that, in addition to performing the function of identifying the census blocks that might be eligible for support, state commissions electing to perform that role should also administer the functions of running the cost model, determining the level of support, and the continued certification of CAF support providers, not only for the price cap carriers but also for the non-price cap carriers.

Specifically, the MPSC states:

State Commissions are in a much better position to perform these functions, rather than the FCC, because of the knowledge of state commissions regarding the telecommunications industry, networks, and providers in their state. In addition to performing the certification process for CAF support, the state commissions should also be responsible for the oversight of the CAF support providers to see that all CAF support obligations imposed on those providers are being met.²²

MITS agrees.

4. Lowering the broadband bar in the higher cost rural areas to a minimum level that is below that established for other areas fails to meet the comparability and sufficiency requirements of the 1996 Telecommunications Act. USF support for satellite broadband services will potentially harm rural providers and rural consumers.

The 1996 Telecom Act requires that consumers in rural and high-cost areas should have access to advanced services that are reasonably comparable to the services provided in urban areas at rates that are reasonably comparable to those in urban areas.²³ MITS member companies have not taken this statutory requirement lightly. They have taken risks and they have incurred significant debt to extend broadband access mile by mile across the sparsely populated vast lands of Montana. It would be a terrible disservice to rural consumers if the FCC were to fail to adopt ubiquitous broadband standards and broadband expectations for ALL Americans. Comparability is not met with a standard of 4 Mbps down/1 Mbps up for high cost sparsely populated areas as suggested within the FCC's National Broadband Plan. Nor is comparability met with the ABC Plan proposal to further reduce the expectations for broadband access speeds to 4 Mbps down/768 Kbps. Both are a slap in the face for rural Americans when a standard of 100 Mbps is set for urban Americans.

²² *Further Inquiry Into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51, Comments of MT PSC, Aug 30, p.8.

²³ U.S.C. Sec. 254(b)(3),

Fiber is the technology of choice that meets the demands for telehealth, virtual education, e-commerce, and similar applications essential for sustained, evolving economic development in rural America. There is no disagreement that there has been exponential growth in broadband speeds and consumer demand over the last five to ten years. Proposals for a 768 Mbps download or a 4 Mbps download and settling for non-asymmetrical speeds create digital divides and cultures of broadband haves and have-nots based upon geographic location. While they are a far cry from comparability today, the lower broadband standards would create insurmountable barriers for consumers to access the broadband visions of the future.

Affordable access to broadband is absolutely critical for the viability of communities and will help achieve policy goals such as the creation of jobs; the promotion of agriculture and other domestic industries; the sensible use of natural resources; increased adoption of cost-effective alternative energy technologies; enhanced public safety; and the myriad other applications of broadband that will be the key for expanded economies and fiscal certainties.

Those who suggest providing broadband to the highest cost consumers via satellite service further exacerbate the urban-rural digital divide. Satellite service is not a mobile broadband service. It fails to meet the comparability test. It should not be eligible for mobile broadband cost recovery.

The FCC must not create a digital divide between rural and urban America.

CONCLUSION

MITS appreciates the opportunity to file response comment in this proceeding. There are unique challenges in deploying telecommunications and broadband capable networks in frontier areas such as Montana. We urge the Commission consider the impacts that proposals to change

current cost recovery mechanisms will have on consumer access to affordable telecommunications and broadband in rural America.

RESPECTFULLY SUBMITTED

September 6, 2011

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