

PUBLIC LAW RESOURCE CENTER PLLC

Public Law Resource Center PLLC
505 North Capitol Avenue
Lansing, Michigan 48933
T (517) 999-7572
firm@publiclawresourcecenter.com

April 17, 2012

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Room TW-A325
Washington, DC 20554

Re: *Petition of Allband Communications Cooperative for Waiver of Part 54.302 and the Framework to Limit Reimbursable Capital and Operating Costs - (ERRATA CORRECTIONS)*

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 Inter-carrier 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
Universal Service Reform--Mobility Fund, WT Docket No. 10-208
Order No. FCC 11-161

Dear Ms. Dortch:

This letter transmits errata corrections to the February 3, 2012 Waiver Petition of Allband Communication Cooperative (Allband), which was filed in the above dockets on February 6, 2012.

The errata corrections to Allband's Waiver Petition are as follows:

1. Page 6, in the table under C, 1st bullet - change the **22% to 18%**
2. Page 6, in the table under C, 2nd bullet - change the **43% to 37%**
3. Page 6, in the table under C, 4th bullet - change the **65% to 55%**
4. Page 7, 2nd paragraph, 2nd line - add "**and non-regulated**" after regulated

These errata corrections are included in pages 6 and 7 of Allband's Waiver Petition, attached to this letter. These errata corrections are minor, and do not affect or change any other number, calculation, or statement made in any other portion of Allband's Waiver Petition and accompanying Appendix. These errata corrections also do not affect or alter in any manner the substantive assertions, analysis, or conclusions presented in Allband's Waiver Petition and Appendix.

Ms. Marlene H. Dortch, Secretary
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We are also sending a copy of this letter with these errata corrections to pages 6-7 of Allband's Waiver Petition via e-mail to Cathy Williams, Nicholas A. Fraser, and PRA@fcc.gov, and to Staff member Amy.Bender@fcc.gov, and to the Commission's copy contractor at fcc@bcpiweb.com.

Respectfully submitted,

ALLBAND COMMUNICATIONS COOPERATIVE

By its counsel

Don L. Keskey (P23003)
Public Law Resource Center PLLC
505 N. Capitol Avenue
Lansing, MI 48933
Telephone: (517) 999-7572
E-mail: donkeskey@publiclawresourcecenter.com

DLK/cjd
Atts.

**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
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Establishing Just and Reasonable Rates for Local Exchange Carriers)	WC Docket No. 07-135
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Developing an Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
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Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Line-Up)	WC Docket No. 03-109
)	
Universal Service Reform – Mobility Fund)	WT Docket No. 10-208

**PETITION OF ALLBAND COMMUNICATIONS COOPERATIVE
FOR WAIVER OF PART 54.302 AND THE FRAMEWORK
TO LIMIT REIMBURSABLE CAPITAL AND OPERATING COSTS**

**(Errata Corrections to Pages 6-7 dated
April 17, 2012)**

ALLBAND COMMUNICATIONS COOPERATIVE

Don L. Keskey (P23003)
Public Law Resource Center PLLC
505 N. Capitol Avenue
Lansing, MI 48933
Telephone: (517) 999-7572
E-mail: donkeskey@publiclawresourcecenter.com

Dated: April 17, 2012

In this case, the Commission did not adopt a rule, but asked for comment on a methodology that will have an impact on the Federal USF revenues lost by Allband similar to the Part 54.302 rule. This framework will have the effect of retroactively depriving Allband of Federal USF revenues for recovery of investments already made in its network and associated operating expenses. Had Allband known that this Framework limiting its Federal USF revenues would be enacted, it very likely would not have undertaken forming the ILEC to provide service to customers in this unserved area, and Allband could not have obtained loans from RUS (that rely in significant part on these revenues for repayment) to finance the network facilities necessary to provide service.

C. The Adverse Effect, and Irreparable Harm Resulting From, the Commission Rule and Framework on Allband's Ability To Provide Universal Service To Customers

Absent the FCC rule change, Allband would receive an estimated \$8,569 per line in 2012 in Federal USF revenues or \$714 per-line per-month.¹ The effect of the Commission's annual \$3000 per-line Federal USF limit on Allband is to reduce its Federal USF revenues by:²

- July 1, 2012 - \$1,856 per-line annually (\$155 per-line per-month) or approximately a **18%** total revenue reduction.
- July 1, 2013 - \$3,713 per-line annually (\$309 per-line per-month) or approximately a **37%** total revenue reduction.
- July 1, 2014 - \$5,569 per-line annually (\$464 per-line per-month) or approximately a **55%** total revenue reduction.
- Thereafter – Approximately a **55%** total revenue reduction.

¹ Federal USF amounts from the Universal Service Administrative Company High Cost Support Report, Appendix HC01-1Q2012. Allband support for the quarter shown is \$349,182. The annual estimate of Federal USF revenues would be \$349,182 times 4 quarters or \$1,396,728. The annual support per-line would be \$1,396,728 divided by 163 Allband lines in service or \$8,569.

² See Appendix 1, Schedule 4 for calculations of the annual \$3,000 per line support cap impacts. Financial and rate impacts are summarized and presented in Appendix 1, Tables 1, 2 and 3. Supporting schedules are also included in Appendix 1.

The RUS loan covenant with Allband requires that Allband have sufficient revenues to at least pay the interest on the RUS loans.¹ The effect of the proposed rule change is that Allband will be unable to pay the entire annual RUS loan payment of \$638,147, of which \$324,913 is interest, even in the first year of the phase in of the rule when the annual revenue reduction is \$302,576.²

To operate its telecommunications network, provide service and repay its loans, Allband only has the following sources of revenue in 2012 for its regulated **and non-regulated** telecommunications operations:

	Estimated Annual Revenue	Percent of Total
A. Revenues from local customer rates	\$34,593	2.1%
B. Intercarrier compensation revenues ³	\$146,668	8.9%
C. Miscellaneous revenues	\$1,792	0.1%
D. Federal USF revenues	\$1,396,728	84.3%
E. Non-regulated revenues	\$76,215	4.6%
F. Total	\$1,655,995	100.0%

¹ October 19, 2005 Loan Agreement between Allband Communications Cooperative and the United States of America – Section 5.12 Tier Requirement:

“From the date of this Agreement until the date specified in Schedule 1, the Borrower will maintain a TIER of at least 1.0. Thereafter, starting on the date specified in Schedule 1... the Borrower shall maintain the TIER level(s) as specified in Schedule 1.”

The ability to pay interest on a RUS loan is measured by a Times Interest Earned (TIER) ratio by RUS. A ratio below one means that a company has insufficient net income to pay the loan interest. As shown on Attachment 1, Table 1, the rule change drops Allband’s TIER ratio from a positive 1.2 to a negative 1.7.

² Allband’s 2012 annual RUS loan payment is 638,147.16 of which \$324,913 is interest. The loss of Federal USF support in the first year of the phase in of the rule (July 1, 2012) is \$302,576 (\$1,856/line). This loss grows to \$605,152 (3,713/line) on July 1, 2013 and \$907,728 (\$5,569/line) on July 1, 2014. It is clear that Allband would not have sufficient income to enable full payment of the annual RUS loan even in the first year of the phase in of the rule. See Appendix 1, Table 3 for calculation of shortfalls in income required for loan payments.

³ Revenues collected from other carriers for the use of Allband's network. This also includes \$6,061 of revenue associated with the MPSC State Fund. The MPSC established a state fund to replace revenues lost when it lowered intrastate access rate levels - Opinion and Order, *In the Matter, on the Commission’s own motion, to implement 2009 PA 182, MCL 484.2310*, in Case No. U-16183, dated August 10, 2010.