

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

In the Matter of)
)
Berkshire Telephone Corporation, Big Sandy) WC Docket No. 12-71
Telecom, Inc., Bluestem Telephone Company,)
Chautauqua and Erie Telephone Corporation,)
Chouteau Telephone Company, Columbine)
Telecom Company, C-R Telephone Company,)
The El Paso Telephone Company, Ellensburg)
Telephone Company, FairPoint Communications)
Missouri, Inc., Fremont Telcom Co., The)
Germantown Independent Telephone Company,)
GTC, Inc., Marianna and Scenery Hill Telephone)
Company, Odin Telephone Exchange, Inc., The)
Orwell Telephone Company, Peoples Mutual)
Telephone Company, Sunflower Telephone)
Company, Inc., Taconic Telephone Corp., YCOM)
Networks, Inc.)
)
Petition for Conversion to Price Cap Regulation)
and for Limited Waiver Relief)

REPLY COMMENTS OF THE FAIRPOINT PETITIONING LECs

On March 5, 2012, Berkshire Telephone Corporation, Big Sandy Telecom, Inc., Bluestem Telephone Company, Chautauqua and Erie Telephone Corporation, Chouteau Telephone Company, Columbine Telecom Company, C-R Telephone Company, The El Paso Telephone Company, Ellensburg Telephone Company, FairPoint Communications Missouri, Inc., Fremont Telcom Co., The Germantown Independent Telephone Company, GTC, Inc., Marianna and Scenery Hill Telephone Company, Odin Telephone Exchange, Inc., The Orwell Telephone Company, Peoples Mutual Telephone Company, Sunflower Telephone Company, Inc., Taconic Telephone Corp., and YCOM Networks,

Inc. (collectively, the “FairPoint Petitioning LECs”), rate-of-return regulated local exchange carrier (“LEC”) subsidiaries of FairPoint Communications, Inc. (“FairPoint”), filed a petition seeking Commission approval to convert their special access services from rate-of-return regulation to price cap regulation, and for limited waiver relief to effectuate this conversion (the “Petition”).¹ Two parties filed comments in support of the Petition, pointing out the public interest benefits that will result from the requested conversion and grant of the associated waivers.² No parties opposed. No other comments were filed.

Grant of the Petition will serve the public interest. FairPoint respectfully urges that the Petition be granted at the earliest possible opportunity, in order that the FairPoint Petitioning LECs may begin to plan an orderly transition of its interstate special access rates as described in the Waiver Petition.

Grant of the Petition Will Serve the Public Interest

The FairPoint Petitioning LECs have demonstrated good cause for grant of the Petition. Permitting the FairPoint Petitioning LECs to withdraw from the National Exchange Carrier Association (“NECA”) traffic-sensitive pool (the “NECA Pool”)³ and file their own special access tariffs under the Commission’s price cap regulations will save ratepayers the expense of the cost studies that otherwise must continue to be

¹ See *Wireline Competition Bureau Seeks Comment on the Petition of the FairPoint Cost Companies For Conversion of Their Special Access Services to Price Cap Regulation and For Limited Waiver Relief*, Public Notice, WC Docket No. 12-71, DA 12-525 (rel. April 2, 2012).

² Comments of the Independent Telephone & Telecommunications Alliance, WC Docket No. 12-71 (filed May 2, 2012) (ITTA Comments); Comments of the United States Telecom Ass’n, WC Docket No. 12-71 (filed May 2, 2012) (USTelecom Comments).

³ As explained in the petition, Ellensburg Telephone Company and YCOM Networks, Inc. do not participate in the NECA Digital Subscriber Line (“DSL”) Tariff. Petition at n.1.

performed, even as other Commission rule changes have rendered them irrelevant.⁴ Grant of the Petition also is expected to yield substantial reductions in the special access rates of the FairPoint Petitioning LECs.⁵ Moreover, grant of the Petition would further the Commission's policies favoring price cap regulation and severing the historic linkage between costs and prices for interstate services, to encourage efficient operations and facilitate market-responsive pricing.⁶ Grant of the Petition is especially appropriate in light of the fundamental changes adopted in the *USF/ICC Transformation Order*.⁷

FairPoint provided copies of the Petition to several affected parties, including NECA and AT&T. No parties opposed the Petition, and no parties other than ITTA and USTelecom filed any comments at all. FairPoint has demonstrated that it is uniquely situated,⁸ and has shown good cause for the Commission to grant the Petition.

Prompt Grant of the Petition Will Facilitate an Orderly Transition

The Petition requests that the FairPoint Petitioning LECs be permitted to file the necessary tariff changes to make the requested conversion of special access rates effective on or about January 1, 2013.⁹ FairPoint has experience with conversion of its cost-based operating companies to price caps, and anticipates a substantial effort to

⁴ USTelecom Comments at 3.

⁵ USTelecom Comments at 5.

⁶ ITTA Comments at 4 (*citing Policy and Rules for Dominant Carriers*, Second Report and Order, 5 FCC Rcd 6786 (1990); *USF/ICC Transformation Order*, *infra*).

⁷ *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 10-90 *et al.*, FCC 11-161 (rel. Nov. 18, 2011), 76 Fed. Reg. 73830 (Nov. 29, 2011) (*USF/ICC Transformation Order*).

⁸ As explained in the Petition, as of the date it was filed, FairPoint was the only price cap carrier with operating companies subject to cost-based rate-of-return regulation in the interstate jurisdiction. Petition at 3.

⁹ Petition at 2, 27.

develop the tariffs and associated work papers necessary to effectuate this change.¹⁰ Because of the transformational changes to access charges and universal service recently ordered by the Commission, FairPoint's resources are strained. The company therefore respectfully requests that the Commission grant the Petition at the earliest opportunity to allow FairPoint as much time as possible to perform the necessary calculations and prepare its FCC filings, as well as to notify NECA as far in advance as practicable that the FairPoint Petitioning LECs intend to withdraw from the NECA pool as of January 1, 2013. Prompt grant of the Petition will help ensure that the anticipated benefits will flow to consumers as anticipated in the Petition.

Respectfully submitted,

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¹⁰ As noted in the Petition, six FairPoint LEC operating companies elected price cap regulation in 2010 pursuant to FCC waiver. Petition at 7-8 & n. 19.