

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

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
<b>To: The Commission</b>		

**REPLY ON THE APPLICATION FOR REVIEW OF THE  
BLOOSTON RURAL BROADBAND CARRIERS**

The law firm of Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP, on behalf of its clients listed in Attachment A (the “Blooston Rural Carriers”), and pursuant to Section 1.115 of the Commission's rules, submits this Reply in connection with its Application for Review of the Wireline Competition Bureau's (WCB) *Regression Order*<sup>1</sup> adopting a quantile regression model for establishing limits or "benchmarks" for high cost loop support. By Public Notice released May 31, 2012, the Commission stated that oppositions to the Blooston Rural Carriers' Application for Review would be due by June 14, 2012 and that any reply to oppositions would be due by June 25, 2012.

In the Application for Review, the Blooston Rural Carriers demonstrated that the regression model is fatally flawed because the WCB relied on inaccurate data and, specifically, the TeleAtlas data. As shown, this data is inaccurate for many companies and, in some cases, significantly so, such that there can be no confidence that the model is appropriate or its results

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<sup>1</sup> *In the Matter of Connect America Fund; High-Cost Universal Service Support*, Order, WC Dockets No. 10-90 and 05-337, DA 12-646, released April 25, 2012.

are accurate or that companies have been grouped appropriately with similarly situated companies, as required by the Commission. The Blooston Rural Carriers also showed that the model's results could not be substantiated because of the dearth of information provided in Appendix H, including information testing whether the 90th percentile is the correct percentile cut-off. Further, the WCB model lacks transparency and plausibility.

The Blooston Rural Carriers also demonstrated that the model will create a "race to the bottom" in terms of carriers' ability and incentive to invest in modern, broadband capable networks and that the Commission was inappropriately using the regression model as a prudence review. As demonstrated, benchmarking should not be used to automatically reduce payments. Rather, it should be used only to trigger a harder look.

Based on this, the Blooston Rural Carriers asked the Commission to review the WCB's *Regression Order*; reverse its adoption of a regression model; and delay the implementation of a regression model until the identified issues are addressed.

No party filed an opposition to the Blooston Rural Carriers Application for Review. Although CTIA filed an opposition to the applications filed by other parties, it did not specifically address the issues raised by the Blooston Rural Carriers, nor does its opposition refute the evidence or arguments of the Blooston Rural Carriers.<sup>2</sup>

Accordingly, the Blooston Rural Carriers ask the Commission to promptly grant the Application for Review.

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<sup>2</sup> The Blooston Rural Carriers support the arguments made in response to CTIA's opposition in the Reply of the Eastern Rural Telecom Association; Independent Telephone and Telecommunications Alliance; National Exchange Carrier Association, Inc.; National Telecommunications Cooperative Association; Organization for the Promotion and Advancement of Small Telecommunications Companies and the Western Telecommunications Alliance filed on June 14, 2012.

Respectfully submitted,

**THE BLOOSTON RURAL  
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Dated: June 25, 2012

Attachment A

**The Blooston Rural Carriers**

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Midstate Communications, Inc.  
Midvale Telephone Exchange, Inc.  
Penasco Valley Telephone Cooperative, Inc.  
Prairie Grove Telephone Company  
Public Service Telephone Company  
Spring Grove Communications  
Smithville Telecom, LLC  
Star Telephone Company Inc.  
Terral Telephone Company  
Triangle Telephone Cooperative Association, Inc.  
Venture Communications Cooperative  
Walnut Hill Telephone Company, Inc.  
Webster-Calhoun Cooperative Telephone Association  
West Texas Rural Telephone Cooperative, Inc.

Certificate of Service

The undersigned hereby certifies that on the 25<sup>th</sup> day of June, 2012, a copy of the forgoing **Reply on the Application for Review of the Blooston Rural Broadband Carriers** was served via U.S. Mail, postage prepaid, to the following:

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