

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Petition for Waiver of South Park, L.L.C.)	
d/b/a South Park Telephone Company)	

**COMMENTS OF THE
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION**

The National Telecommunications Cooperative Association (“NTCA”)¹ hereby files comments in the above-captioned proceedings to support the Petition submitted by South Park, L.L.C. d/b/a South Park Telephone Company (“SPTC”) requesting a waiver pursuant to Section 1.3 of the rules of the Federal Communications Commission (the “Commission”)² of two specific rules that impose: (1) a total limit of \$250 per line per month on high-cost universal service fund (“USF”) support;³ and (2) regression analysis-based caps on the recovery of certain capital and operating costs through the high cost loop support (“HCLS”) component of the USF.⁴

SPTC’s Petition sets forth a compelling set of circumstances that warrant grant of the requested waivers. SPTC operates across 600 square miles in remote Colorado, having taken up

¹ NTCA represents more than 570 rural telecommunications providers. All of NTCA’s members are rate-of-return-regulated local exchange carriers, and many of its members provide wireless, video, broadband Internet, satellite, and/or long distance services to their communities; each member is a “rural telephone company” as defined in the Communications Act of 1934, as amended.

² 47 C.F.R. § 1.3.

³ *Id.* at § 54.302.

⁴ *Id.* at § 36.621(a)(5).

the challenge in the mid-1990s of providing quality services to areas outside of the town of Hartsel after those areas had been largely ignored by US West Communications.⁵ Put another way, SPTC offers service to 166 consumers (or 0.28 consumers per square mile) across hundreds of miles of high-cost areas surrounding a town of 900 people that is approximately two hours from Denver and one hour from Colorado Springs.⁶ SPTC further explains that it has made efficient efforts to deliver service to this long-neglected area, undertaking systematic upgrades through fixed wireless and other network technologies (even as those technologies may ultimately need replacement and/or upgrading to keep pace with consumer demand and Commission expectations as to broadband speeds).⁷ Finally, SPTC indicates that it is truly a “carrier of last resort,” with no wireline alternatives for voice or broadband service and only intermittent access to wireless services that ultimately cover no more than 30 percent of SPTC’s service area.⁸

These facts and others presented by SPTC provide good cause for the grant of a waiver from the identified rules. SPTC shows, for example, that it cannot reasonably anticipate to “make up” lost USF support through other means. SPTCs’ local voice rates and broadband rates are already at relatively high levels (*e.g.*, \$29.98 per month for voice),⁹ such that new increases could result in unreasonably incomparable rates that are inconsistent with the statutory mandate

⁵ Petition at 7.

⁶ *Id.* at 7, 11.

⁷ *Id.* at 9-11.

⁸ *Id.* at 12.

⁹ *Id.* at 17, 20.

for universal service as well as the Commission’s own broadband-focused objectives for USF reform. Moreover, SPTC notes that it cannot obtain lost revenues from intercarrier compensation in light of the capping and ever-reductive glide path associated with such revenues that form another part of the Commission’s reforms.¹⁰ SPTC further explains that there appear to be few, if any, avenues for obtaining support in the near-term from state-administered USF or related support mechanisms because of a vigorous ongoing debate that calls into question the viability of existing intrastate mechanisms.¹¹ Finally, SPTC notes that it already operates in a very efficient manner, leveraging shared resources with affiliated entities – leaving few, if any, opportunities to “cut costs” in a manner that would obviate the need for a waiver.¹²

In the end, SPTC’s Petition indicates that strict application of the two identified rules would harm consumers in its area and leave the company with little recourse to avoid or minimize that end-user impact. As SPTC summarizes: (1) “without a waiver, consumers, carriers and agencies which rely on SPTC’s services and facilities would lose access to reliable terrestrial voice and broadband services;” (2) “the \$250 per line monthly cap is too low given the extraordinarily high costs that SPTC faces;” and (3) the regression analysis-based caps “would reduce support to levels not sufficient to meet the Commission’s universal service goals.”¹³ SPTC also highlights flaws in the regression analysis-based caps, including erroneous data, counterintuitive coefficients, and faulty assumptions with respect to technology choices that

¹⁰ *Id.* at 21.

¹¹ *Id.*; *see also* Joan Engebretson, “Colorado Bill Would Phase Out State High-Cost Universal Service Fund,” available at: <http://www.telecompetitor.com/colorado-bill-would-phase-out-state-high-cost-universal-service-fund/>.

¹² Petition at 21.

¹³ *Id.* at 23.

underlie the caps.¹⁴ Indeed, if anything, these observations highlight that the regression analysis-based caps should be considered still very much in “beta mode,” and that caution must be a guiding principle in their application (if they are to apply at all as anything more than a trigger for review).

In summary, SPTC’s Petition shows that the company has made reasonable efforts to be an efficient and effective operator in an area that was long-neglected, that consumers would suffer from strict application of the rules for which a waiver is sought, and that a waiver would ultimately serve the public interest. For the foregoing reasons, NTCA urges a grant of SPTC’s Petition.

Respectfully submitted,



By: /s/ Michael R. Romano
Michael R. Romano
Senior Vice President - Policy
4121 Wilson Blvd, 10th Floor
Arlington, VA 22203
(703) 351-2016 (Tel)
(703) 351-2036 (Fax)
mromano@ntca.org

January 9, 2013

¹⁴ *Id.* at 27-29. As the SPTC Petition highlights, the regression analysis models continue to rely upon faulty study area data that in turn affects factors such as density, percent bedrock, percent park lands, road miles, and road crossings; the Petition also points out that: (a) the model oddly assumes that more road miles correlate to lower loop expenses and (b) the model reflects network architectures that may be very different than the fixed wireless/radio solution that SPTC has deployed.