

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

In the Matter of	)	
	)	
South Central Telephone Association,	)	WC Docket No. 10-90
Inc. Petition For Waiver of Certain	)	WC Docket No. 05-337
High-cost Universal Service Rules	)	

**COMMENTS OF THE  
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION**

The National Telecommunications Cooperative Association<sup>1</sup> (“NTCA”) submits these comments in response to the Wireline Competition Bureau’s Public Notice<sup>2</sup> seeking comments on South Central Telephone Association, Inc.’s (South Central) petition for waiver (“Petition”) of portions of the Commission’s recently adopted universal service and intercarrier compensation rules. Specifically, South Central requests that the Commission waive implementation of Section 54.302 of its rules capping total support at \$250 per line per month, including the phase-in of the cap, and also the rule limiting reimbursable capital and operating costs for purposes of determining HCLS by using benchmarks.

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<sup>1</sup> NTCA represents nearly 600 rural rate-of-return regulated telecommunications providers. All of NTCA’s members are full service local exchange carriers (LECs) and many of its members provide wireless, cable, Internet, satellite, and long distance services to their communities. Each member is a “rural telephone company” as defined in the Communications Act of 1934, as amended (Act). NTCA’s members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities. South Central Telephone Association, Inc. is a NTCA member.

<sup>2</sup> *Wireline Competition Bureau Seeks Comments on South Central Telephone Association, Inc.’s Petition for Waiver of Certain High-cost Universal Service Rules*, WC Docket No. 10-90, WC Docket No. 05-337, DA 12-2086, Public Notice (rel. December 26, 2012).

NTCA supports South Central's waiver request to prevent immediate and irrevocable harm to the telephone company and the rural consumers it serves. The Petition highlights the difficulty that carriers face in staring down the July deadlines with so many implementation and rule development questions still unanswered or unclear. NTCA adheres to the position that providers who serve high-cost areas should receive support sufficient to achieve the purposes of Section 254 of the Communications Act of 1934, as amended.<sup>3</sup>

South Central has sufficiently demonstrated good cause for the Commission to waive Section 54.302 of its rules. The Commission made a waiver process available for circumstances where its new rules would reduce a carrier's support to a point that it "would not be 'sufficient to achieve the purposes of [Section 254] of the Act.'"<sup>4</sup> South Central demonstrates that absent a waiver, it is not financially viable and rural consumers would lose service or incur massive increases in end-user charges.

Specifically, South Central serves rural communities along the Oklahoma-Kansas border. South Central describes its service area as rural agricultural with few small rural communities. Much of the population is elderly and/or falls below the federal poverty level. Relying on funding provided by the universal service fund ("USF") and loans provided by the Rural Utilities Service, South Central serves as the carrier of last resort in its service territory and provides service to all requests for service to locations within one-quarter mile from its facilities, without additional construction charges. It must also provide single party service with advanced calling features, access to 911, equal access to

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<sup>3</sup> 47 U.S.C. § 254.

<sup>4</sup> *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 10-90, FCC 11-161, ¶ 540 (rel. Nov. 18, 2011).

long distance providers, and operator services. Despite the challenges, South Central provides state of the art telephone facilities in an efficient manner.

South Central demonstrates that the \$250 per line cap would cause an immediate shortfall and leave it with insufficient resources to meet its current RUS loan obligations, forcing a default. As a consequence, South Central would immediately need to limit capital expenditures on the upkeep and maintenance of its networks, affecting current customers. And absent a waiver, South Central indicates that it will be out of cash immediately following the second year of the total cap phase-in and would need to discontinue providing both voice and broadband service.

There are no wireline competitive alternatives for much of South Central's customer base if South Central becomes unable to continue to provide voice service. Additionally, there exists only limited and inferior wireless service. Without South Central, there is no lifeline alternative for many people in the service territory. Additionally, South Central provides the only terrestrial network capable of backhaul services for all the competing providers in its territory. Without a sustainable South Central, even those areas in the service territory with competition are thus in jeopardy of losing service.

South Central describes how it is unable to recover the shortfall in local rates. To recover the lost revenue, the company would have to increase its local exchange rates by \$257.80 per line per month, an astronomical figure that could not be further out of line with rates paid by urban customers for similar service and a rate that no population could reasonably afford.

South Central describes the significant steps it has taken to minimize its costs. It provides reasonable and limited benefits to its employees and has achieved significant savings through reorganization of functions, improved software and implementation of new procedures.

Finally, South Central describes in detail how the Commission's one size fits all order did not and could not address South Central's unique circumstances or the impacts the order would have on it.

NTCA respectfully requests that the South Central Petition therefore be granted. Circumstances warranting a deviation from the general rules exist. Absent relief, South Central is not financially viable and rural consumers are at risk of losing terrestrial voice and broadband services and/or facing unreasonable increases in the rates they pay for such services. South Central has show good cause for relief and grant of the instant petition would be in the public interest.

Respectfully submitted,



By: /s/ Jill Canfield

Jill Canfield

Director – Legal & Industry  
4121 Wilson Boulevard, 10<sup>th</sup> Floor  
Arlington, VA 22203  
703-351-2000 (Tel)  
703-351-2036 (Fax)  
[jcanfield@ntca.org](mailto:jcanfield@ntca.org)

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