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June 5, 2013

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**VIA ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**RE: WC Docket Nos. 10-90 and 05-337**

Dear Ms. Dortch:

On June 4, 2013, Steve Davis, Zack Odell and Paul Harbaugh representing South Central Telephone Association, Inc. ("South Central"); Chris Schroeder of TCA, South Central's cost consultant; and Gerry Duffy and Noah Cherry representing the Western Telecommunications Alliance ("WTA") met with Carol Matthey, Travis Litman, Ian Forbes and Joseph Sorresso of the Wireline Competition Bureau, to discuss matters regarding South Central's pending December 5, 2012, petition for waiver of (a) the Section 54.302 cap on total federal universal service support; and (b) the Section 36.621(a)(5) capital and operating cost limitations adopted in the form of quantile regression model benchmarks for High Cost Loop Support ("HCLS").

South Central discussed the rural and sparsely populated nature of its Oklahoma study area, whose largest population centers have less than 200 people. It is primarily an agricultural area, with some potential for growth in energy and other businesses. The area greatly needs quality voice services and high-speed Internet access to allow its existing businesses, schools and households to compete in the current economy, to encourage future economic development, and to retain its young people. Prior to 2011, South Central had been prudently upgrading its network to deploy fiber optic facilities and furnish the needed services, and remains the sole carrier with a proven interest and record of providing the telecommunications and advanced services that its northern Oklahoma customers need both now and in the future.

South Central is a high-cost company with a cost per loop of approximately \$5,400 per year in its Oklahoma study area. Since it became evident in early 2011 that federal universal service support was going to be limited or capped, South Central has not undertaken significant infrastructure construction projects, and has been working to reduce other costs. However, given the

Marlene H. Dortch, Secretary  
June 5, 2013  
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nature of its service area and network, South Central is not going to be able to reduce its annual cost per loop down to the \$3,000 annualized Section 54.302 cap or, in the alternative, to its current \$3,959 aggregated benchmark.

South Central's most pressing problem at this time is that it will fall below the TIER requirements of its Rural Utilities Service ("RUS") loans during 2014 or 2015, and will be in default of its covenants for these loans. It has broached the matter with RUS, but has been told that RUS is not authorized to renegotiate its loans. South Central urgently needs its requested waiver for a period that extends through 2017, so that it can repay its two larger RUS loans when they came due during that year, and maintain its existing operations (albeit, without substantial additional fiber deployments or upgrades) thereafter.

South Central has already expended over \$30,000 to prepare, file and prosecute its pending FCC waiver petition. It is also seeking Oklahoma Universal Service Fund ("OUSF") support, but it is very unclear at this time whether any (and, if so, how much) OUSF support will be awarded, and how long it will take for an OUSF determination to be rendered. The issue of duplicative support was not mentioned during this meeting, but South Central reiterates a representation made in other meetings this date that it is not seeking duplicative federal USF and OUSF support, and understands fully that such duplicative support will not be awarded or accepted. South Central is very concerned that it will get stuck in the middle between this Commission and the Oklahoma Corporation Commission ("OCC"), and that its operations and financing will be crippled by delays while its two regulators decide upon their respective responsibilities.

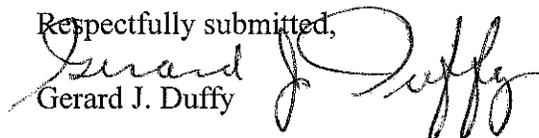
South Central pleads for action soon upon its now six-months-old waiver petition. Having already spent over \$30,000 on this matter, it requests a decision as soon as possible so that Mr. Odell, its incoming General Manager, can begin to resolve and move beyond the uncertainties that have paralyzed the company's investment and financial planning since 2011.

A copy of the materials handed out during the meeting is attached.

Pursuant to Section 1.1206(b) of the Commission's Rules, this submission is being filed for inclusion in the public record of the referenced proceedings.

Respectfully submitted,

Gerard J. Duffy



cc: Carol Matthey  
Travis Litman  
Ian Forbes  
Joseph Sorresso

Attachment

## South Central Petition for Waiver

*Presented by Steve Davis*

### Sparsely Populated



- *Oklahoma is the smallest of two study areas; Kansas is the other*
- *Oklahoma service area has only 0.67 customers per route mile and 0.56 customers per square mile in our rural serving area and 1.07 customers per square mile overall*

*"The internet is important for supplying us with market information and other needed resources. The Internet and telecommunications is vital to our business. If these services are compromised, our business will certainly suffer."*

*~ Brent and Charles Garvie, Burlington, OK*

## Sparsely Populated



*"The education budget continues to be strained more and more each year in every state, not just ours...it will continue to be highly important that more bandwidth is available...[and] that it costs less than before to put our students on a level playing field with metropolitan schools."*

*~ Glen Elliot, Superintendent of Burlington Public School, Burlington OK*

- *13.7% of customers are low-income and South Central is the only provider of Lifeline throughout the entirety of its service area*

## No Reasonable Alternative Providers

- *No wireline competition and limited wireless 80% by a single wireless carrier and the area is not served by AT&T or Verizon*
- *226 customers and 138 internet customers or 62% take rate*
- *South Central also has Carrier of Last Resort Obligations*
- *The only terrestrial backhaul provider in the area placing robust wireless broadband in the future at risk*

*"We have very little cell phone service here. People need the phone company in order to maintain their livelihood."*

*~ Aaron Davis, Chief, Burlington Fire Department, Burlington, OK*

*"South Central is the only internet service that has been able to help Burlington"*

*~ Jack Davis, Mayor, Burlington, OK*

## Impact is Severe

- *FCC reforms cause a 50% decrease in revenues*
- *Equates to over \$257 per access line per month of revenue deficiency*
- *Support to be reduced by more than half, causing a negative cash-flow and placing customers at risk of losing access to voice and broadband service*

## RUS Loan Repayment Impact

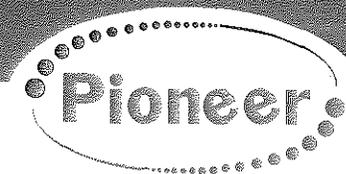
- *Debt Service is over \$1.7 million*
- *Reductions in support will cause a default on RUS loans within a few months of implementation of full impact*

## South Central Petition for Waiver

- *Waiver covered the \$250 cap and limiting reimbursable capital and operating expense*
- *Waiver filed December 5<sup>th</sup> 2012 as of June 1<sup>st</sup> still pending*
- *Comment period is now closed*
- *All comments were in favor of the waiver*

Pioneer Telephone Cooperative, Inc.  
408 E. Roberts Ave.  
P.O. Box 539  
Kingfisher, OK 73750  
405-375-0191  
raruhl@ptci.com

Richard Ruhl, General Manager



May 29, 2013

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, N.W.  
Washington, DC 20554

Re: Interconnection and Backhaul for  
Rural Cellular Carriers

Dear Ms. Dortch:

Cellular Network Partnership d/b/a Pioneer Cellular, based in Kingfisher, Oklahoma, is a Tier 3 Wireless Carrier owned by O. T. & T. Communications, Inc.; South Central Communications, Inc., (SCTelcom); KanOkla Telephone Association; and, Hinton Cellular Company, L. L. C. The Pioneer Cellular coverage area includes 47 counties in western and southern Oklahoma, along with 14 counties in southern Kansas, covering approximately 600,000 POP's.

The main intent of this communication is to reinforce the fact that rural telephone companies such as South Central Communications, Inc., (SCTelcom), play a critical role in the provision of broadband backhaul and/or interconnection not only to the smaller rural wireless carriers such as Pioneer Cellular, but to the larger wireless carriers as well, such as AT&T, Verizon, Sprint and T-Mobile. The larger carriers do not provide wireless cellular service to as many of the rural wireless areas and communities as the smaller wireless carriers do in western Kansas and western Oklahoma; therefore, their dependence on smaller wireless cellular carriers is magnified.

Rural America depends on the smaller carriers for both land line telephone and wireless cellular service. It costs so much more to serve less people per mile in a rural area than it does to provide reasonable and comparable service in urban areas. All rural carriers, whether small or large, are concerned about economic development and the economic viability of rural America. Rural Americans rely on rural service providers and/or carriers such as South Central Communications, Inc., (SCTelcom), to stimulate rural economic development and to maintain the rural economy.

Letter to Ms. Marlene H. Dortch  
Secretary of the FCC  
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Should you have any questions concerning this matter, please contact the undersigned.

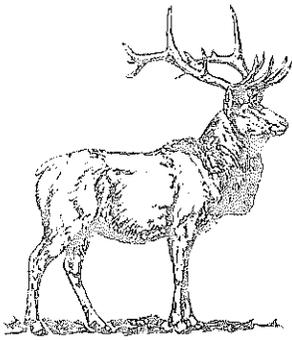
Respectfully submitted,



Richard Ruhl,  
General Manager

RR/ta

pc: Congressman Frank Lucas  
Acting FCC Chair Clyburn  
FCC Commissioner Pai  
FCC Commissioner Rosenworcel  
Steve Davis, Gen. Mgr., South Central Telecommunications, Inc., (SCTelcom)  
Mike Dobrinski, President, Pioneer Telephone Cooperative, Inc.  
Gail Parker, President, O. T. & T. Communications, Inc.



# BURLINGTON PUBLIC SCHOOL

401 Main Street, PO Box 17  
Burlington, OK 73722-0017  
580 431-2222 FAX 580-431-2237

Glen Elliott, Superintendent  
Shane Feely, Principal  
Randy Turney, Athletic Director  
Stephanie Marteney, Counselor/Test Coordinator

April 19, 2013

To Whom It May Concern:

As superintendent of Burlington Public School I am writing this letter to you in support of the waiver that SC Telcom has filed to keep the bandwidth they need to help rural America continue to have at their fingertips the worldwide communication capability that is needed to be competitive. It would be very detrimental to our student body to be denied access to the high speed hookup that is now available to them. As they receive the college classes or the advanced course work that our higher achieving students need to boost them to the pinnacle of their educational abilities. As we are challenged more each year by additional unfunded requirements set by the Oklahoma State Legislature and the State Department of Education we become more dependent in rural America on high speed internet to receive online or ITV courses for college credit or advanced course work. In the rural areas high speed is imperative for students as more mandated state tests are put online.

The things that I have expressed above will become more important as we continue to lose teachers in rural areas that are certified in mathematics and science classes that our students are required to complete to graduate and to be college and work ready. If you check with the Universities that train and graduate the students that have taken proper courses for them to qualify for this certification the numbers are dwindling very quickly. We might be able to continue to get our students the proper amount of requirements if it is possible to receive more online high school courses economically.

Also the education budget continues to be strained more and more each year in every state not just ours. As more teachers retire in rural areas and the void is not filled by students graduating from the universities with the proper certification it will continue to be highly important that more bandwidth is available than at any previous time and it will become more important as more is received that it costs less than before to put our students on a level playing field with the metropolitan schools.

Sincerely,

Glen Elliott  
Superintendent



# ALVA STATE BANK & TRUST COMPANY

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

P.O. BOX 37  
ALVA, OKLAHOMA 73717  
Phone: (580) 327-3300 - Fax (580) 327-2944  
1-800-259-2582

BURLINGTON BRANCH  
P.O. BOX 80  
BURLINGTON, OKLAHOMA 73722  
Phone: (580) 431-3300 - Fax: (580) 431-3301

ENID-CHISHOLM BRANCH  
801 WEST BROADWAY  
ENID, OKLAHOMA 73701  
Phone: (580) 234-4201 - Fax: (580) 237-5717

April 23, 2013

To Whom It May Concern:

This letter is in support of the South Central Telephone Association in its efforts to improve services to its residents and businesses. In the last few years we have experienced an increase in population with the oil and gas drilling industry. Increased and improved communication has been critical to not only this commerce, but also to the existing patrons of SCTA to ensure their safety and awareness of any situations that may arise. We are located 30 minutes from the nearest medical facility and it is critical that we have access to the cutting edge of technology through state-of-the-art communication avenues.

SCTA has always provided excellent service to our school and businesses. Their dedicated service has helped us grow our community and maintain our livelihood. SCTA has also been instrumental in helping many local groups accomplish their goals through generous financial assistance and participation in community events. SCTA also provides several local patrons with good-quality jobs.

We take pride in our community and would appreciate your support in considering the waiver recently filed by SCTA. Thank you in advance for your consideration of this matter.

Sincerely,

Beverly Hankey, AVP  
Burlington Branch Mgr.  
Alva State Bank & Trust Co.

/st

**TOWN OF BURLINGTON  
P.O. BOX 216  
BURLINGTON, OK 73722**

April 19, 2013

To Whom It May Concern,

I am the Mayor of the Town of Burlington. I am writing to ask for your assistance in considering the waiver filed by South Central Telephone Association. We are dependent on South Central Telephone Association and the internet they provide. Our town business will suffer due to the fact that most all of our reports are done on the internet.

The town board is aware that the best source of internet that we can receive is from South Central Telephone Association. We are a member of NODA, a council of government, that tries to help towns with internet. South Central Telephone Association is the **only** internet service that has been able to help Burlington. Internet is needed to maintain livelihood.

South Central Telephone Association is a community caring company. I would appreciate any support you would extend to this company. I know they will continue to support the Town of Burlington.

Thank you for your consideration,

Jack Davis, Mayor  
Town of Burlington

A handwritten signature in cursive script that reads "Jack A. Davis".

**BURLINGTON FIRE & RESCUE  
410 MAPLE  
BURLINGTON, OK 73722**

April 19, 2013

To Whom It May Concern,

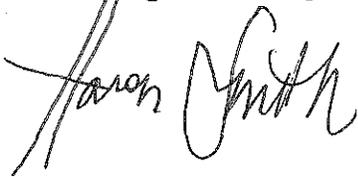
I am the Fire Chief for the Burlington Fire Department. South Central Telephone Association is a great asset to the Burlington Fire Protection District. They have created high speed internet service and 911 capabilities. South Central provides excellent service to their customers.

It would be such an asset to the fire department if South Central Telephone Association were able to expand their service. As fire chief, I feel that any expansion would be helpful to our rural community.

We have very little cell phone service here. People need the phone company in order to maintain their livelihood. I would appreciate any support you would extend to this company.

Thank you for your consideration,

Aaron Davis, Chief  
Burlington Fire Department

A handwritten signature in black ink, appearing to read "Aaron Davis", written over the typed name and title.



April 18, 2013

To Whom It May Concern:

This letter is being written to ask for your continued support of South Central Telephone Association. The future of our school and our children depends on it.

The Burlington Educational Foundation exists to support high educational quality and to enhance opportunities for students of the Burlington School District. We raise funds through private donations and grants to provide opportunities above and beyond what our small rural school budget will allow. We have been very successful in helping our school secure a multitude of technology improvements, including desktop and laptop computers, interactive teaching boards, and tablets. All these items rely on internet and telecommunication services. We are very concerned that these services could be put in jeopardy. Our students would most certainly be denied learning opportunities if these services are not available.

Please consider support of South Central Telephone Association. The livelihood of our school and our people depends on it. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Brent Garvie". The signature is written in black ink and is positioned below the word "Sincerely,".

Brent Garvie, Treasurer and Special Projects Chair  
Burlington Educational Foundation

**GARVIE AND GARVIE**  
**Charles Garvie Brent Garvie**  
**P.O. Box 186**  
**Burlington, OK 73722**

April 18, 2013

To Whom It May Concern:

We, as partners of Garvie and Garvie farming and ranching operation, are writing to ask for your assistance in considering the waiver filed by South Central Telephone Association. We live in the small community of Burlington, OK and are highly dependent on the phone company and the services they provide, including internet. Much of our daily business management requires us to be current on markets in grains, fuels, and fertilizer. The internet is important in supplying us that market information and other needed resources. The internet and telecommunications is vital to our business. If these services are compromised, our business will certainly suffer.

Beyond our farming and ranching operation, we are long standing members of the community of Burlington. We are proud of the great strides that have been made in telecommunications in our community. For example, the Burlington Public Schools is successful in offering a multitude of learning possibilities through internet service over fiber optic cable. The Burlington Coop Association and Alva State Bank (Burlington branch) rely on these internet services daily to conduct business. The Burlington Fire and Rescue Department relies on 911 service to provide quick response to fire and medical emergencies. The list goes on and on of businesses, community groups, and individuals that depend on these services.

Please consider the waiver filed by South Central Telephone Association. The livelihood of our community depends on it. Thank you for your consideration.

Sincerely,



Brent Garvie



Charles Garvie