OPASCO

WESTERN TELECOMMUNICATIONS ALLIANCE

21 Dupont Circle NW
Suite 700
Washington, DC 20036

October 29, 2008

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

***Ex Parte* Notice**

**Re: Developing a Unified Intercarrier Compensation Regime**
**CC Docket No. 01-92**

**High-Cost Universal Service Support**
**WC Docket No. 05-337**

**Federal-State Joint Board on Universal Service**
**CC Docket No. 96-45**

Dear Ms. Dortch,

Attached is a revised version of an *ex parte* filing made earlier today, with a modification to the second bullet on page two. Specifically, it clarifies that the second component of the supplemental interstate common line support (ICLS) is available only to those rural rate of return-regulated incumbent local exchange carriers (ILECs) that have committed to the five-year broadband build-out requirement.

In accordance with FCC rules, this letter is being filed electronically in the above-captioned dockets.

Sincerely,

Stuart Polikoff
Director of Government Relations
OPASTCO

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Dear Ms. Dortch,

On October 28, 2008, H. Keith Oliver of Home Telephone Company, Inc., Mark Gailey of Totah Communications, Inc., Catherine Moyer of Pioneer Communications, Roger Nishi of Waitsfield & Champlain Valley Telecom, Robert DeBroux of TDS Telecom, John Rose and Stuart Polikoff of the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), and Derrick Owens and Jason Williams of the Western Telecommunications Alliance (WTA) held a conference call with Chairman Kevin Martin, his Chief of Staff, Daniel Gonzalez, his Legal Advisor, Amy Bender, and Dana Shaffer and Donald Stockdale of the Wireline Competition Bureau. The purpose of the conference call was to discuss Chairman Martin's draft Order addressing the comprehensive reform of intercarrier compensation and universal service and its potential impacts on rural, rate of return (RoR)-regulated incumbent local exchange carriers (ILECs).

Based on our understanding of the draft Order from our discussion, and subject to any major undisclosed modifications, OPASTCO and WTA support its adoption, provided that at a minimum, the following items are included to address the service areas of rural RoR ILECs.

- Supplemental interstate common line support (ICLS) (i.e., "the restructure mechanism") is automatically available for carriers that are currently under RoR regulation in the interstate jurisdiction without any other conditions applying, particularly those related to the way a carrier is regulated in the state jurisdiction.

- Supplemental ICLS for rural RoR ILECs has two components. The first component compensates rural RoR ILECs for all of the revenues lost as a result of the mandated reductions in intercarrier compensation rates that are not otherwise recoverable through increases in subscriber line charges (SLCs). The first component remains in effect for the entire 10-year transition to the final state-established uniform terminating rates. The second component is available only to those rural RoR ILECs that have committed to the five-year broadband build-out requirement and is intended to ensure that those rural RoR ILECs continue to have an opportunity to earn their authorized interstate rate of return, subject to a cap. This component will provide compensation for unrecoverable revenue losses attributable to losses in access lines and interstate and intrastate minutes of use, using 2008 as a base year. The second component remains in effect for the first five years of the transition and is capped at $100 million in year one, $200 million in year two, $300 million in year three, $400 million in year four, and $500 million in year five. Prior to year five, the FCC shall conduct a proceeding to determine if modifications are required.

- The "Rural Transport Rule" applies to rural RoR ILECs. This means that for local and extended area service (EAS) calls made by a rural RoR ILEC's customer to a non-rural carrier's customer, the rural RoR ILEC will be responsible for transport to a non-rural terminating carrier's point of presence (POP) when it is located within the rural RoR ILEC's service area. When the non-rural terminating carrier's POP is located outside the rural RoR ILEC's service area, the rural RoR ILEC's transport and provisioning obligation stops at its meet point and the non-rural terminating carrier is responsible for the remaining transport to its POP.

- The broadband build-out requirement has a limited automatic exception for very high-cost loops and allows rural RoR ILECs to serve those customers by satellite without filing a waiver request. A very high-cost loop is defined as a loop in which the additional cost to provide broadband is in excess of 150 percent of the carrier's study area average loop cost. The automatic exception cannot apply to more than two percent of a carrier's total loops within a study area.

- All high-cost universal service mechanisms utilized by rural RoR ILECs continue to operate as they do today through 2010. This includes high-cost loop support (HCLS), local switching support (LSS), interstate common line support (ICLS), safety net additive support, and safety valve support. Support from these mechanisms will be frozen by study area at 2010 levels.

OPASTCO and WTA appreciate the opportunity to provide input on behalf of our membership. These issues are vital to our companies and rural consumers. We recognize that reform of intercarrier compensation and universal service is critical at this point in time. Again, with the inclusion of the modifications set forth above, and absent any major undisclosed changes, OPASTCO and WTA support the Chairman's proposal.

Sincerely,

John N. Rose, President
OPASTCO
21 Dupont Circle NW
Suite 700
Washington, DC 20036

Kelly Worthington, Executive Vice President
WTA
P.O. Box 5655
Helena, MT 59604

cc: Chairman Kevin Martin
Commissioner Jonathan Adelstein
Commissioner Michael Copps
Commissioner Robert McDowell
Commissioner Deborah Tate
Amy Bender
Nicholas Alexander
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