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RURAL ASSOCIATIONS FILE COMMENTS ON FCC'S BROADBAND UNIVERSAL SERVICE REFORM PROCEEDING

Rural consumers' existing broadband networks and Administration's goal of delivering affordable, robust broadband to Rural America at risk

Recommended actions include not imposing a cap, freeze or move to incentive regulation, immediately reforming and expanding USF contribution system, focusing on actual costs for support, and moving quickly to address intercarrier compensation issues

WASHINGTON (July 12, 2010) – The National Exchange Carrier Association (NECA), the National Telecommunications Cooperative Association (NTCA), the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), the Western Telecommunications Alliance (WTA) and the Rural Alliance, along with 38 concurring state associations and other groups, today filed joint comments in the FCC's Notice of Proposed Rulemaking (NPRM) and Notice of Inquiry (NOI), which seek comment on proposals regarding Broadband Universal Service Fund (USF) reform.

The joint comments reflect a unified rural voice which collectively represents the nation's 1,100 rate of return carriers (RLECs), all of whom are committed to delivering world-class broadband to the 37 percent of the national geography where their customers live and work. RLECs seek to ensure rural America's broadband infrastructure continues to provide state of the art services comparable to more urban areas of the nation. National policies must recognize the importance of sustaining the same level of broadband services for all citizens of our country, regardless of where they live.

The Associations agree existing high-cost USF mechanisms must be reformed in a comprehensive fashion to directly support broadband networks and services. The comments reflect significant concern, however, about the National Broadband Plan's (NBP's) overall approach to broadband USF reform, and recommend against adopting the specific recommendations in the NOI and NPRM, as these are likely to thwart the NBP's goal of delivering affordable, robust broadband services in RLEC serving areas.

Specifically, the Associations recommend the Commission should:

- Not impose an overall cap or freeze on the existing High Cost program for incumbent carriers, or new caps or freezes on RLEC-specific mechanisms such as interstate common line support.
- Not require RLECs to shift to incentive regulation, as it has been demonstrably ineffective in encouraging carriers to provide an evolving level of service to consumers in high-cost areas. In contrast, rate-of-return regulation has a proven track record of success in this regard, and remains fully viable in today's competitive broadband environment.
- Focus on developing simple, reliable and workable methods based on actual costs for supporting broadband in RLEC territories and not pursue efforts to develop complex models or "market based" mechanisms such as reverse or procurement auctions.
- Immediately reform the USF contribution system and, most importantly, expand the contribution base to include, at a minimum, all broadband Internet access providers.
- Move quickly to address certain discrete intercarrier compensation reform issues such as strengthening the call signaling rules to mitigate phantom traffic as well as confirming that interconnected VoIP providers are required to pay access charges.

The Associations and their respective RLEC members support the universal broadband service goals of the NBP. In particular, the joint comments express appreciation for the Commission staffs' willingness to meet with Association staff members and individual RLEC representatives. The Associations believe such meetings offer the best hope for arriving at workable solutions to reforming universal service mechanisms to meet the NBP's goals.

The Associations express their willingness and enthusiasm for continuing to work with the Commission to find equitable solutions for delivering world-leading broadband services to all citizens at affordable prices, everywhere in the U.S.

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NECA is a membership association of U.S. local telephone companies, dedicated to keeping customers connected on state-of-the-art communications networks. Our services help more than 1000 members across rural America deliver voice, video and data on high-speed multi-use broadband systems. Visit us at www.neca.org

The National Telecommunications Cooperative Association is the premier association representing more than 560 locally owned and controlled telecommunications cooperatives and commercial companies throughout rural and small-town America. NTCA provides its members with legislative, regulatory and industry representation; meetings; publications and educational programs; and an array of employee benefit programs. Visit us at www.ntca.org.

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) represents more than 480 small, independently owned, local telecommunications companies serving primarily rural areas of the United States and Canada. OPASTCO membership includes both commercial companies and cooperatives, which range in size from fewer than 100 to 100,000 access lines, and collectively serve more than 5 million customers. OPASTCO represents rural telecommunications interests before federal regulatory bodies and Congress, provides publications, and holds two conventions annually in January and July of each year, addressing the needs of the small telecommunications industry. The association has an affiliate 501(c)(3) nonprofit, the Foundation for Rural Education and Development (FRED). Visit the OPASTCO Website at www.opastco.org

Western Telecommunications Alliance is a trade association whose membership is comprised of approximately 250 rural telecommunications carriers providing high-quality voice, video and data services throughout rural areas in the 24 states west of the Mississippi River. On average, WTA member companies serve fewer than 3,000 access lines with fewer than 500 customers in each exchange. WTA's members serve some of the most rural and hard-to-serve communities in the country and are on the forefront of bringing 21st Century telecommunications services to rural America.

The Rural Alliance is a group of rural local exchange carriers originally organized to advocate for effective intercarrier compensation reform, and now focused on ensuring that the National Broadband Plan includes intercarrier compensation and universal service reforms that will encourage rural infrastructure investments to enable the delivery of high-speed broadband service to all Americans. Visit us at www.rural-alliance.org.