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August 26, 2011

Marlene H. Dortch
Federal Communications Commission
445 12th Street, SW
Washington DC 20553

Re: WC Docket Nos. 10-90, 07-135, 05-337 and 03-109, GN Docket No. 09-51 and CC Docket Nos. 01-92 and 96-45; Connect America Fund, a National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-up

Dear Ms. Dortch:

Montana Independent Telecommunications Systems (MITS)¹ writes in support of the Universal Service Fund/Intercarrier Compensation/Connect America Fund reform proposal for rural rate-of-return incumbent local exchange carriers (RLECs) offered by the National Telecommunications Cooperative Association, the Organization for the Promotion and Advancement of Small Telecommunications Companies, and the Western Telecommunications Alliance to the Commission on April 18, 2011, and as modified on July 29, 2011 (the RLEC Plan).

This Plan incorporates a balance of mechanisms intended to enable adequate cost recovery for RLECs while enabling the deployment and maintenance of broadband and broadband-capable networks. These cost recovery mechanisms are aligned with the Commission's interest in constraining growth of high-cost support funds, and are designed to be implemented in complementary fashion with the America's Broadband Connectivity (ABC) Plan filed by large and mid-size carriers, also on July 29, 2011 (collectively, the Consensus Framework). In this regard, MITS urges the Commission to refrain from modifying elements of the RLEC Plan that would reduce the amount of support, impose any hard cap on high-cost

¹ MITS is a telecommunications association whose members are Nemont Telephone Cooperative, Northern Telephone Cooperative, Project Telephone Company, Triangle Telephone Cooperative Association, Central Montana Communications, InterBel Telephone Cooperative and Mid-Rivers Telephone Cooperative, Inc. The members are all rural incumbent telephone companies who serve some of the most remote, sparsely populated, and high-cost areas within the continental United States. Their service areas range from approximately 1,000 to 30,000 square miles, and have an average population density of 1.6 persons per square mile.

support, or make adjustments that would adversely affect the ability of RLECs to obtain compensatory resources from an intercarrier compensation restructuring mechanism.

The compromises made by the Rural Associations were intended to meet specific objectives that enable adequate cost and revenue recovery and encourage regulatory certainty. Adjustments to the RLEC Plan that adversely affect those objectives could undermine the overall effectiveness of the Consensus Framework, thereby eliminating not only industry confidence in an acceptable reform solution, but also investor confidence that enables the injection of necessary private capital to support networks where no business case can be made. The members of MITS serve rural areas where no other provider ventures as the carrier of last resort. For areas such as these, MITS supports both a fixed and mobile cost recovery mechanism consistent with the proposal set forth in the April 18, 2011 RLEC filing. This is **necessary** to ensure that consumers in the Nation's rural areas receive services comparable to those available in urban areas.

The long term investment decisions made by our member companies' CLEC and wireless CETC operations were based on the ability to recover their investment costs just as the investment decisions of the Montana RLECs were based on their continued ability to recover their investment costs. Phasing out all CLEC and wireless CETC support unnecessarily undermines the network build-out progress that has been accomplished in rural areas since the Telecommunications Act of 1996. USF and ICC reforms must protect existing investments in high cost areas and offer future broadband support whether to a rural ILEC, a rural CLEC or a rural wireless CETC. For rural Montana consumers, it is imperative that in addition to RLEC cost and access recovery, the FCC must address the issues of rural CLEC and wireless CETC cost recovery and rural CLEC access charge recovery in their reform plans.

Respectfully submitted,

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Bonnie Lorang, General Manger
Montana Independent Telecommunications Systems, LLC