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## **RURAL TELECOM REPRESENTATIVES SET FOR FURTHER ENGAGEMENT ON FCC EFFORTS TO MOVE FORWARD WITH BROADBAND UNIVERSAL SERVICE REFORM**

*FCC poised to undertake further examination of transition to broadband-focused high-cost support mechanisms*

WASHINGTON—(February 7, 2011) Following remarks today by Federal Communications Commission Chairman (FCC) Julius Genachowski at the Information Technology and Innovation Foundation, the National Telecommunications Cooperative Association (NTCA), the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), the Rural Broadband Alliance (RBA), the Rural Independent Competitive Alliance (RICA) and the Western Telecommunications Alliance (WTA) welcomed the announcement that the FCC will move forward with modernization of the Universal Service Fund (USF) to support broadband-capable networks.

The rural representatives welcome the FCC's focus on a number of important principles that can provide a foundation for reform, and they look forward to prompt but careful development of an action plan that is consistent with the core universal service principles set forth in the Communications Act and promotes and sustains the availability and affordability of broadband Internet access in rural America. While the rural representatives await the details of the notice of proposed rulemaking that will be issued by the FCC tomorrow, the chairman's remarks today underscore the importance of universal service and intercarrier compensation (ICC) reform in achieving national broadband deployment and adoption objectives.

The groups' rural service provider members have used these USF and ICC mechanisms effectively and efficiently in recent years to deploy and operate DSL-capable broadband and higher speeds to over 92% of their customers with relatively little increase in support. Yet at the same time, carefully structured reform and ongoing support is critical to ensuring continued service quality and affordable rates on these existing broadband networks, and to enabling deployment and operation of even higher-speed networks that respond to evolving consumer demands. The rural representatives are hopeful that the FCC's notice will strike an appropriate balance between the essential need for reform on the one hand, while also retaining the many effective elements of current programs that continue to play a vital role in promoting the availability and affordability of broadband services for rural consumers.

As representatives of providers whose mission is to invest in hard-to-serve areas, the rural representatives welcome the FCC's emphasis on defining and demanding accountability, and better ensuring that rural consumers are in fact the ultimate beneficiaries of USF and ICC funding. They further appreciate the chairman's recognition of the importance of stability and the need for a sensible transition to ensure predictable support for carriers deploying advanced networks in rural, high-cost areas.

"We are pleased that the FCC is devoting its attention to comprehensive reform of the cost recovery systems that are so critical to the deployment and ongoing operation of rural networks," said NTCA CEO Shirley Bloomfield. "While NTCA, regulators and other stakeholders will need to discuss and debate further how best to achieve specific reforms, and while we may not agree in every instance on how to translate certain principles into policy, we all share the ultimate goal of creating a fiscally strong and sustainable framework that promotes investment in, enables continued availability of, and encourages consumer adoption of reliable broadband-capable networks in rural America."

"OPASTCO members have a history of making network infrastructure investments to meet the growing broadband needs of their customers in rural America and appreciate the FCC's efforts to move forward with modernizing the High-Cost USF program and intercarrier compensation rules," said OPASTCO President John Rose. "The completion of reform will take significant time and OPASTCO looks forward to working with the commission and other policy-makers throughout the process. In order for rural consumers to have ongoing access to modern broadband service at reasonable rates, the stability of these critical sources of network cost recovery for small, rural carriers is essential."

"The RBA members are appreciative that Chairman Genachowski and the FCC are committed to expedient action needed to restore much needed stability and predictability in the universal service mechanisms that are vital to encourage and support the investment in infrastructure that fosters rural economic development," said Rural Broadband Alliance Counsel Steve Kraskin. "Proceeding to address these issues is not only vital to Alliance members and other rural carriers, but also essential to rural consumers."

"RICA is appreciative that the focus of the FCC under Chairman Genachowski is on infrastructure development and job creation as the commission undertakes its new initiatives," said Bill Wade, chairman of the Rural Independent Competitive Alliance and general manager of the Mid-Rivers Communications, Inc. (Circle, Montana). "RICA members are rural telecommunications providers committed to bringing advanced network and services to the nation's unserved and underserved areas where it is essential that the commission ensure that the intent of the universal service provisions of the Communications Act is achieved to foster rural economic development."

"Our members have judiciously used USF to build broadband networks on which their customers rely and any reforms have to take into account current and future needs," said Kelly Worthington, WTA's executive vice president. "WTA looks forward to working with the Chairman and the other commissioners after the details of the reform plan are made public to ensure rural consumers, no

matter where they live, are able to receive affordable and reliable high quality communications services.”

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The **National Telecommunications Cooperative Association** is the premier association representing more than 570 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](http://www.ntca.org).

The **Organization for the Promotion and Advancement of Small Telecommunications Companies** (OPASTCO) represents approximately 470 small 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 3 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](http://www.opastco.org).

The **Rural Broadband Alliance** is a coalition of more than one hundred rural incumbent local exchange carriers formed to advance sensible, evidence-based policies for the deployment and adoption of broadband services for all of the nation’s citizens including consumers and businesses residing in rural, insular and high cost-to-serve areas of the nation. The Alliance is committed to working with the rural telecommunications associations and supportive of their efforts to develop long-term solutions to address needed reform of the universal service funding mechanisms including intercarrier compensation.

The **Rural Independent Competitive Alliance** (RICA) is a national association of rural Competitive Local Exchange Carriers (“CLECs”) affiliated with rural ILECs that serve less than 100,000 access lines. RICA members are committed to provide in the underserved rural communities near their affiliate incumbent service area the similar level of deployment of advanced networks and universal services that are provided in the communities served by their rural incumbent affiliates.

**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.