



RURAL TELECOM ASSOCIATIONS FILE JOINT LETTER SUPPORTING INDUSTRY CONSENSUS AND THEIR APRIL 2011 REFORM PLAN FILED WITH FCC

Consensus Framework and Complementary Set of Reform Plans Would Advance the Cause of Sustainable Universal Service Throughout Rural America

WASHINGTON (July 29, 2011) – Today, the National Telecommunications Cooperative Association (NTCA), the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), and the Western Telecommunications Alliance (WTA), filed a joint letter with a group of other industry stakeholders explaining how the Rural Associations' April 2011 plan, together with a separate plan being filed today by these other stakeholders, could work in tandem to create an effective consensus framework for reasonable universal service fund (USF) and intercarrier compensation (ICC) reform. This joint letter is the result of a long effort to seek potential compromise and consensus with a group of carriers who have worked through the USTelecom Association to develop a framework and complimentary set of reform plans that would advance the cause of sustainable universal service throughout rural America.

The letter explains how the two plans – one aimed at providing targeted support in areas generally served by larger price-cap regulated companies, and the other aimed at ensuring sufficient support for investment and continuing operations in high-cost areas served by smaller carriers such as NTCA, OPASTCO, and WTA members – can provide a complementary approach to universal service and intercarrier reform. The consensus framework comprised of these two plans responds to calls from policymakers for further industry proposals to help resolve the long-running debate over USF and ICC reform.

From the perspective of small rural broadband providers and the consumers they are committed to serve, the highlights of this consensus framework include:

- Reaffirming the use of rate-of-return cost recovery that will enable smaller carriers to sustain operations and continue to deliver high-quality, affordable services in high-cost rural areas;
- Ensuring sufficient support funding levels for small rural carriers even as the Commission aims to constrain the size of the Universal Service Fund;

- Providing a phase-down of ICC local switching rates over a reasonable period of time, subject to an adequately funded restructure mechanism and the continuing ability of providers to charge for the use of essential network components like transport; and
- Including VoIP traffic that originates or terminates on the PSTN within the ICC system and adopting strict phantom traffic rules to ensure appropriate identification of all traffic.

The consensus framework reflects a significant step toward achieving comprehensive USF and ICC reform. It would promote the core purposes of universal service, enable meaningful cost recovery for association members, and position our members for both near- and long-term success in responding to customer demands in rural America.

While this package of two distinct plans reflects the byproduct of a series of trade-offs, the rural associations are pleased in the end that the USF provisions of the proposed reforms for small rural carriers would be based upon their April 2011 plan. They are also pleased that the proposed ICC reforms for rate-of-return carriers are tethered to sufficient restructuring support and would also allow for continuing compensation for the use of key elements of their networks. The rural associations recognize that today's agreement is just one step in a continuing process, they look forward to productive input and engagement from all segments of the industry and interested parties on the consensus framework, and they are hopeful that the Commission will take prompt action on these proposals.

"It took significant effort and thoughtful analysis by NTCA's members, together with the good faith efforts of many others in the industry, to arrive at this consensus framework," NTCA Chief Executive Officer Shirley Bloomfield said. "It would have been much easier for all of us to draw lines in the sand and refuse to seek compromise, but we believe this consensus proposal greatly advances the debate. It benefits rural customers by preserving the core principles of universal service and essential cost recovery as captured in our reform plan, while also finding a middle ground that can work for others in the industry."

"We are heartened that this important step has been taken by the rural associations, and we will continue to work with USTelecom, its members and other parties to refine and implement these reforms," OPASTCO President John Rose said. "Continued efforts must be made by all parties involved, including the FCC and Congress, to get these important reforms in place for all rural communications customers."

"What transpired today is the culmination of many months of intense discussions and negotiations between the rural associations and USTelecom. Our abilities to develop a framework that enables rate-of-return carriers to continue providing high-quality services to their customers is commendable," said Kelly Worthington, WTA's Executive Vice President. "In Washington, D.C., right now, there is a sense that consensus cannot be reached on anything. I'm glad we were able to do so for the betterment of rural America and WTA looks forward to building upon it."

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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.*

*The **Organization for the Promotion and Advancement of Small Telecommunications Companies** (OPASTCO) is the leading voice for rural telecommunications, representing approximately 470 small incumbent local exchange carriers serving rural areas of the United States. Its members include both commercial companies and cooperatives, which 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 us at www.opastco.org.*

***Western Telecommunications Alliance** (WTA) 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. www.w-t-a.org*