



For Immediate Release

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Rural Associations Seek Reconsideration on Various Aspects of FCC USF/ICC Order

*FCC Urged to Address Connect America Fund for Rural Carriers,
Sufficiency of Budget for High-Cost Universal Service,
Capping Mechanisms and Waiver Standards*

December 29, 2011 (Washington, DC) – The National Exchange Carrier Association (NECA), the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) and the Western Telecommunications Alliance (WTA) filed a petition for reconsideration and clarification with the Federal Communications Commission (FCC) on a number of aspects of its USF/ICC Transformation Order. Among others, the rural associations urged the FCC to reconsider the following key areas:

1. Rural carriers are deeply committed to providing broadband services throughout their service areas. However, the Order imposes significant broadband-related public interest obligations on rate-of-return carriers without having specified a Connect America Fund (CAF) mechanism for rate-of-return companies. The Commission should make sure sufficient and predictable funding is in place before imposing new service mandates. The Commission should also reconsider the sufficiency of its budget for high-cost universal service, and reconsider several aspects of its caps on capital and operating expenses.
2. The Commission should reconsider or modify several of the other capping mechanisms in the Order. Specifically, the Commission should improve its methodology for determining a reasonably comparable rate floor, and reconsider its decision to phase-out safety net additive support. The Associations also show that the Order's adoption of a per-line cap on high-cost support will harm consumers in high cost areas without providing any public interest benefit.
3. The Commission should also reconsider its approach to examining petitions for waiver of new rules and support limitations, and reduce burdens on small companies associated with new reporting requirements. Changes are needed to the Commission's method for prescribing a new

interstate authorized rate of return, as well as several of the ICC provisions of the Order.

"Our rural members are thoroughly committed to expanding broadband service to their customers. However, the FCC's Order contains several aspects that we believe will do just the opposite," states Jeff Dupree, NECA's Vice President of Government Relations. "We ask that the FCC reconsider and clarify several of these rules, to ensure continued broadband investment, encourage economic development, and secure jobs in rural areas."

"Rural carriers are deeply committed to deploying and improving upon broadband service throughout their areas and providing it to consumers at reasonable rates. Unfortunately, many of the provisions in the FCC's Order threaten their ability to continue to do so," OPASTCO Vice President of Regulatory Policy and Business Development Stuart Polikoff stated. "By reconsidering some of the more onerous and detrimental rulings that apply to rural carriers, the Commission will help to achieve one of their primary goals for high-cost USF reform: the availability of affordable broadband service to all Americans."

"Our Petition asks the FCC to consider revising certain harmful aspects of its Order that threaten the progress that has been made in building-out broadband in rural parts of this country," said Derrick Owens, WTA's Vice President of Government Affairs. "Our member companies have proven to be committed to the goal of quality, affordable broadband, but they can't do it without the proper regulatory environment. It is our belief that the Order will limit investment rather than promote it."

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*The **National Exchange Carrier Association (NECA)**, a membership association of U.S. local telephone companies, is dedicated to keeping customers connected on state-of-the-art communications networks. Our services help more than 1000 members across rural America deliver high-speed multi-use broadband services. Visit us at <http://www.neca.org>.*

*The **Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO)** is the leading voice for rural telecommunications, representing approximately 460 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. Visit us at www.w-t-a.org.*