Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Jurisdictional Separations and Referral	)	CC Docket No. 80-286
To the Federal-State Joint Board	)	

REPLY COMMENTS
of the
NATIONAL EXCHANGE CARRIER ASSOCIATION, Inc.;
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION;
ORGANIZATION FOR THE PROMOTION AND ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES;
EASTERN RURAL TELECOM ASSOCIATION;
WESTERN TELECOMMUNICATIONS ALLIANCE; and
INDEPENDENT TELEPHONE AND TELECOMMUNICATIONS ALLIANCE

Comments filed in response to the Commission's *Further Notice of Proposed Rulemaking*[1] in the above-captioned proceeding strongly support extension of the current freeze of Part 36 category relationships and jurisdictional allocation factors for two years, until June 30, 2014. With the exception of the National Association of State Utility Consumer Advocates (NASUCA) and Sprint, all parties endorse the Commission's proposal to extend the freeze[2] as it continues to implement changes to its intercarrier compensation (ICC) and Universal Service Fund (USF) rules adopted in its November 18, 2011 *ICC/USF Transformation Order* and related *Further Notice of Proposed Rulemaking.*[3]

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[1] *Jurisdictional Separations and Referral to the Federal-State Joint Board*, CC Docket No. 80-286, Further Notice of Proposed Rulemaking, FCC 11-34 (rel. Mar. 15, 2012) (FNPRM).

[2] GVNW Consulting at 1, Wisconsin Public Service Commission at 1, CenturyLink at 2, US Telecom at 1.

[3] *See, Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-*

In fact, parties not only support extending the freeze, but extending it indefinitely to allow the Commission to fully focus on implementing ICC and USF reform.[4] CenturyLink states "[e]xtending the freeze is plainly warranted" and "failing to extend the freeze . . . would create uncertainty and instability that would discourage network and broadband investment at a time when the nation most needs it."[5] US Telecom agrees, saying while the Commission could complete separations reform within two years it would be wiser to allow additional time.[6]

NASUCA, however, continues to assert that the frozen factors are creating significant mismatches between revenues and costs, and argues the Commission should implement the interim separations proposal presented in March 2010 by the State Members of the Federal-State Joint Board.[7] Sprint similarly urges the Commission not to extend the separations freeze because of the alleged market distortions it creates.[8]

As previously explained, the adverse impacts of this approach on broadband services would be significant, while presenting few benefits for basic voice service customers.[9]

State Joint Board on Universal Service, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109, *Universal Service – Mobility Fund,* WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011)(*ICC/USF Transformation Order, Further Notice of Proposed Rulemaking*).

[4] CenturyLink at 1, 5, US Telecom at 1-2.

[5] CenturyLink at 2.

[6] US Telecom at 2.

[7] NASUCA at 5.

[8] Sprint at 1.

[9] *See, e.g.*, CC Docket No. 80-286, Associations Reply Comments at 5 (Nov.20, 2006). *See also* Letter from Richard A. Askoff, NECA, to Marlene H. Dortch, FCC, CC Docket No. 80-286 (Nov. 15, 2010)(summarizing results of NECA analysis of impacts of State Members' proposal); Letter from Richard A. Askoff, NECA, to Marlene H. Dortch, FCC, CC Docket No. 80-286 (Dec. 20, 2010) (Providing data in support of impact analyses).

Moreover, as the Commission is well aware, the rates for some consumers, where not constrained by competitive or other countervailing regulatory forces, are likely to be subject to significant changes as a result of the *ICC/USF Transformation Order*. It makes no sense to create additional rate churn and uncertainty at this point by imposing new separations rules without fully examining the impact of changes in ICC and USF mechanisms.

Accordingly, the Commission should, as it proposes, extend the current separations freeze for two additional years while it implements and considers the rule changes adopted in the *ICC/USF Transformation Order* and the related *Further Notice of Proposed Rulemaking*. In addition, the Commission should consider recommendations by the Associations to permit rate-of-return (RoR) carriers that have had their category relationships frozen since 2001 a one-time option to "unfreeze" or recalculate and "re-freeze" their Part 36 category relationships based on current investment and expense levels. It should also permit carriers that did not elect to freeze their category relationships in 2000 to do so now based on category relationships developed in 2011 cost studies.

Respectfully submitted,

April 12, 2012

NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
By: /s/ Michael R. Romano
Michael R. Romano
Senior Vice President - Policy
Jill Canfield
Director, Legal and Industry
4121 Wilson Boulevard, 10th Floor
Arlington, VA 22203
(703) 351-2000

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
By: /s/ Richard A. Askoff
Richard A. Askoff
Linda A. Rushnak
Its Attorneys
Teresa Evert, Senior Regulatory Manager
80 South Jefferson Road
Whippany, NJ 07981
(973) 884-8000

WESTERN TELECOMMUNICATIONS ALLIANCE
By: /s/ Derrick Owens
Derrick Owens
Vice President of Government Affairs
317 Massachusetts Avenue NE,
Ste. 300C
Washington, DC 20002
(202) 548-0202

By: /s/ Gerard J. Duffy
Gerard J. Duffy
Regulatory Counsel
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP
2120 L Street NW (Suite 300)
Washington, DC 20037
(202) 659-0830

THE INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE
By: /s/ Genevieve Morelli
Genevieve Morelli, President
Micah M. Caldwell, Vice President – Regulatory Affairs
1101 Vermont Ave., NW, Suite 501
Washington, D.C. 20005
(202) 898-1519

ORGANIZATION FOR THE PROMOTION AND ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES
By: /s/ Stuart Polikoff
Stuart Polikoff
Vice President – Regulatory Policy and Business Development
2020 K Street, NW, 7th Floor
Washington, DC 20006
(202) 659-5990

EASTERN RURAL TELECOM ASSOCIATION
By: /s/ Jerry Weikle
Jerry Weikle
Regulatory Consultant
5910 Clyde Rhyne Drive
Sanford, NC 27330
(919) 708-7404

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Associations' Reply Comments was served this 12th day of April, 2012, by electronic filing and e-mail to the persons listed below.

By: /s/ Elizabeth R. Newson
Elizabeth R. Newson

The following parties were served:

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554

Daniel Ball
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Daniel.Ball@fcc.gov

Best Copy and Printing, Inc.
Room CY-B402
445 12th Street, SW
Washington, DC 20554
fcc@bcpiweb.com