

October 27, 2008

Dear Fellow OPASTCO and WTA Members:

As members of the Boards of OPASTCO and/or WTA, we have been and continue to be active participants in many recent meetings with the Federal Communications Commission (FCC) regarding the Draft Intercarrier Compensation and Universal Service Order ("Draft Order") being circulated by Chairman Kevin Martin to the other commissioners for consideration at the FCC's November 4th meeting.

We would like to correct two rumors. First, neither OPASTCO nor WTA has determined whether to support or oppose the Draft Order. Second, neither OPASTCO nor WTA has ever supported a uniform \$0.0007 access rate.

One key fact that rural telephone companies must understand is that few, if any, people outside the FCC have actually seen or read the Draft Order, and that some of the purported descriptions of the Draft Order may not be fully accurate. In addition, some elements of the Draft Order may change before the November 4th meeting in order to gain the votes Chairman Martin needs to adopt the Draft Order.

Another key fact is that the structure of the current proceeding is not uncommon. Most FCC rulemakings begin with a notice setting forth a tentative proposed plan and rules, and solicit comments and reply comments to allow interested parties to put their initial stakes in the ground. Then, in subsequent proceedings, the real work begins as the more interested and active parties meet with FCC Commissioners and Staff, and submit more refined proposals in *ex parte* filings, creating a record of information. The FCC Staff then uses the record, plus its own ideas, to craft an order that often bears only the slightest resemblance to the initial rulemaking notice, but gains the 3 votes needed for passage.

We have been working for 3 years to get approval of the Missoula Plan that is supported by NTCA, OPASTCO and WTA. Remember that it addresses many of the concerns in the proposed rule makings that are scheduled to be decided on November 4th.

OPASTCO and WTA are aware of the NARUC filing asking the FCC to issue the current Draft Order as a further notice of proposed rulemaking rather than acting upon the Draft Order on November 4th. While the NARUC filing outlines some very good points and was signed by an impressive number of Joint Board members, it is far from certain that it will form the basis of a successful appeal, or that it will slow down the Chairman from asking for a decision on the November 4th date.

Rather than standing outside the FCC process, OPASTCO's and WTA's Boards of Directors have elected to engage the FCC and others in discussion to try to learn as many details of the Draft Order and to attempt to shape the Draft Order as favorably as possible for rural telephone companies in the event that it is adopted and upheld upon appeal. We understand that this approach has been highly controversial in some rural industry circles, but we continue to believe

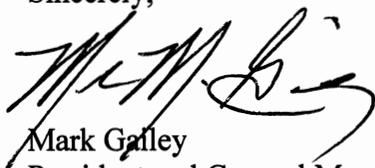
it is, and has been the most appropriate and responsible course of action. If we stop working with them at this point, some of the beneficial changes we have argued for may not be included. Thus, the improvements we negotiated would be at risk, and we could end up with an unacceptable order.

In the end, the FCC Draft Order seeks comprehensive ICC and USF changes that will affect not only rural telephone companies, but also RBOCs and mid-sized companies, wireless carriers, cable providers and other VoIP providers, toll resellers, CLECs, state commissions and ultimately, the consumer. No sector is likely to get everything it wants. It is particularly unlikely that the present plan, or any future plan, will be a total win proposition for each and every rural telephone company.

Working within the FCC's rulemaking structure, OPASTCO and WTA are attempting to influence the FCC process as much as possible in a favorable light for the rural telecommunications industry. Ultimately, the OPASTCO and WTA Boards will decide whether: 1) the details that can be determined to be in the final FCC Order represents a good deal for the rural industry for today and in the future, OR 2) we should fight for the rejection of the Draft Order and take our chances that conditions will be more favorable in two or three years when a new FCC explores ICC and USF reform. We will also be educating a new Congress on our issues. This could create an even greater uphill battle to get or maintain the things we need to be able to provide rural Americans with state of the art services that they want and quite frankly deserve.

The OPASTCO and WTA Boards appreciate the level of engagement shown by all our members. We encourage you to contact us, or any OPASTCO or WTA Board Member, if you have any questions or comments.

Sincerely,



Mark Galley
President and General Manager
Totah Communications, Inc.



Roger Nishi
Vice President, Industry Relations
Waitsfield and Champlain Valley Telecom



Keith Oliver
Senior Vice President – Finance
Home Telephone Company, Inc.



Catherine Moyer
Director, Legal & Regulatory Affairs
Pioneer Communications