

# OPASTCO 411

VITAL INFORMATION FOR OPASTCO MEMBERS ABOUT  
THEIR INDUSTRY AND THEIR ORGANIZATION



OPASTCO

ORGANIZATION FOR THE PROMOTION  
AND ADVANCEMENT OF SMALL  
TELECOMMUNICATIONS COMPANIES

MAY 20, 2008

## Record-Setting Attendance at OPASTCO/WTA L&R Conference Demonstrates Rural Carriers' Commitment To Educating Policymakers on Rural Telecom Priorities

A record-setting 140 participants gathered this week in Washington, D.C., for OPASTCO and WTA's 2008 Legislative and Regulatory Conference on key issues currently facing the rural telecommunications industry. Rep. Lee Terry (R-Neb.) delivered the keynote address on the current state of the universal service reform debate and need to deploy advanced broadband networks in rural communities. OPASTCO and WTA staff briefed attendees on key issues that will be addressed in Washington, including universal service, intercarrier compensation, broadband deployment, and access to video content. Participants then met with their congressional representatives to discuss goals and priorities for offering advanced services to more rural consumers.

### Rep. Lee Terry

Congressman Terry explained that he and Rep. Rick Boucher (D-Va.) are encouraging other members of the House to support H.R. 2054, the Universal Service Reform Act. Terry said that the bill's goal is to take the existing Universal Service Fund (USF), which currently makes voice services available in high-cost areas, and use it to make advanced networks available that offer the same advanced services that are available in urban areas. He said that doing so will enable local communities to develop their own economic development plans.

Terry drew an analogy between initiatives to bring transcontinental railroads to rural communities during the 1860s and modern-day efforts to bring broadband networks to rural America. He said that in the 1860s, the federal government helped to establish a basic backbone plan for railroads to follow. The congressman called for a similar effort today to stem movement of manufacturing jobs abroad by offering rural areas opportunities to compete.

According to Terry, the House Energy and Commerce Committee plans to hold a universal service reform hearing in July. He pledged to meet with the committee's leadership from both parties to discuss strategies to move reform legislation forward. After the November elections, Terry anticipates that Congress will allocate greater attention toward telecommunications issues. He concluded by asking attendees to continue to discuss the bill with their elected officials and ask them to support its goals.

### Universal Service Reform

OPASTCO Government Relations Director Stuart Polikoff offered four universal service reform positions for attendees to discuss with policymakers. First, he said that USF support to each rural incumbent local exchange carrier (ILEC) should continue to be based on its embedded costs. Polikoff explained that this approach is extremely successful, results in sound investments, and enables advanced services to be deployed in high-cost areas.

Second, he said that the USF's contribution base should be broadened to cover both intrastate and interstate services. Polikoff recommended that all

## OPASTCO NEWS

### OPASTCO'S QUEBEC CONVENTION OFFERS CUTTING-EDGE ROUNDTABLES

OPASTCO's Summer Convention, which will be held from July 12-16, 2008, in Quebec City, Canada, will feature essential roundtables to address key issues that your company faces today. The sessions will include:

- **Employee Engagement as a Strategic Advantage (or, Isn't a Paycheck Enough?):** This interactive session will address the desires and priorities of the latest generation of telecom employees. Participants will share strategies to lead, educate and reward the newest staff members that they hire.
- **Got Spectrum? Now That You Have It, How Do You Start Using It?:** This roundtable will cover tasks that rural carriers must perform in order to plan, build and deploy wireless networks using 700 MHz, advanced wireless service (AWS), or unlicensed 3650 MHz spectrum. New opportunities to deploy broadband services using these tools will be presented.

• **Hot Topics:** This session will cover the latest issues affecting rural carriers around the nation.

For more information about the Quebec Convention and Tradeshow, including the registration brochure and program agenda, please visit [www.opastco.org/site/meetings/summer](http://www.opastco.org/site/meetings/summer).

facilities-based broadband service providers be assessed. Along with eliminating the identical support rule, enacting these reforms would help to sustain the USF's future as consumers transition to broadband services.

Third, he asked participants to oppose capping the USF High-Cost program because imposing a cap would threaten the sufficiency of support and discourage investment in advanced services. Finally, he asked that the USF's exemption to the Antideficiency Act be made permanent to help ensure that rural ILECs receive support in a timely fashion.

### **Intercarrier Compensation Reform**

WTA Government Affairs Director Derrick Owens asked attendees to support the Missoula Plan for Intercarrier Compensation Reform. Owens explained that the Missoula Plan would address intrastate access charge levels, establish uniform interconnection rules, create a restructure mechanism to transition rural ILECs to IP-based networks, and address phantom traffic. Whether or not the Commission implements the Missoula Plan, Owens asked attendees to recommend that the FCC immediately address phantom traffic by strengthening rules on the creation and exchange of call signaling information. He also encouraged participants to ask the Commission to clarify that interconnected voice over Internet protocol (VoIP) providers must pay access charges.

### **Broadband and Network Access**

OPASTCO Business Development Director/Senior Policy Analyst Steve Pastorkovich recommended that Congress approve measures to facilitate broadband deployment in high-cost areas including tax credits, grants, low-cost loans, and accelerated depreciation for broadband investments. He said that access to the Internet backbone at rates, terms and conditions similar to those offered to larger providers is necessary for rural ILECs to offer broadband to more of their customers. Pastorkovich said that potential discrimination by government-owned broadband service providers against private companies, as well as governments' cross-subsidization of municipal broadband offerings with income from other services, could discourage private investment and impede consumer choice.

### **Access to Video Content**

Pastorkovich explained that ensuring rural carriers can access video content at rates, terms and conditions that are similar to those offered to larger multichannel video program distributors (MVPDs) facilitates broadband deployment because bundling broadband with video enhances broadband take rates. He discussed a number of content-related issues including retransmission consent reform, closing the terrestrial loophole, shared head-ends, predatory pricing and exclusivity arrangements.

### **Net Neutrality**

OPASTCO President John Rose expressed support for the FCC's nondiscrimination principles as outlined by its 2005 Internet policy statement. However, rural carriers need access to video content and the Internet backbone at rates, terms and conditions that are similar to those offered to larger providers. He said that broadband service providers need to manage the exaflood of data traveling over their networks and offer differential pricing plans recognizing that different customers have different needs.

### **Thank You Sponsors**

OPASTCO sincerely thanks RTFC for sponsoring this year's congressional directories; CoBank, Fred Williamson and Associates, John Staurulakis Inc. and NRTC for serving as Contributors; and Blooston, Mordkofsky, Dickens, Duffy & Prendergast, ElectriCom Inc., GVNW, Mapcom Systems, Mid-State Consultants, and Stifel, Nicolaus & Co. for serving as Supporters.

## **FRED BOARD MEMBERS WANTED**

OPASTCO telcos are invited to submit a nomination for the FRED Board of Directors. One position is currently available and another will open up in January 2009. Candidates must be willing to participate in six board meetings each year, four via conference call and two during the OPASTCO conventions. No experience needed.

If you are interested, please call Melissa Korzuch, FRED Director, at 703/680-7528.

## **FRED COMPENSATION AND BENEFITS REPORT PRE-ORDERS NOW AVAILABLE**

FRED is now accepting advanced orders for its 2008 Compensation and Benefits Survey. This publication, which will be available in June, will include information on more than 65 jobs and a number of benefits areas.

To pre-order yours today, visit [http://www.fred.org/pdfs/2008\\_SalarySurvey\\_orderform.pdf](http://www.fred.org/pdfs/2008_SalarySurvey_orderform.pdf).

## **FRED ETHYL GRANT FUNDING AVAILABLE**

The Ethyl Grant program offers matching grants to OPASTCO member carriers who conduct projects to improve their communities. Grants range from \$500 to \$2,500. An estimated \$10,000 in funding is available in 2008. Applications are being accepted year-round and are reviewed every few months. Don't miss this opportunity to make a difference in your town!

To view the application, visit [http://www.fred.org/pdfs/ethyl\\_rb\\_web.pdf](http://www.fred.org/pdfs/ethyl_rb_web.pdf).