

OPASTCO 411

VITAL INFORMATION FOR OPASTCO MEMBERS ABOUT
THEIR INDUSTRY AND THEIR ORGANIZATION

OPASTCO Files Comments on Long-Term USF High-Cost Program Reform Recommendations

OPASTCO today filed comments with the FCC on proposals to reform the Universal Service Fund's (USF) High-Cost program (411, Jan. 31.) The comments explain that as the Commission proceeds with comprehensive reform of the High-Cost program, it should be guided by the universal service principles in section 254 of the Telecommunications Act of 1996, as well as the Federal-State Joint Board on Universal Service's goals for wireline carriers of last resort (COLR), broadband, and mobility services. The Commission should not abandon those parts of the existing High-Cost program that are accomplishing the statutory and Joint Board objectives in a rational and accountable manner, in the process of reforming what has failed. Furthermore, if the Commission is committed to fulfilling the universal service goals set forth by Congress and the Joint Board, then it must ensure that there is sufficient funding available to do so.

The comments explain that the Commission should retain the high-cost support system for rural incumbent local exchange carriers (ILECs) based on their embedded network costs. This system has encouraged prudent investment in rural infrastructure and has allowed rural ILECs to remain viable COLRs. It has also enabled many rural ILECs to make broadband services available to a large majority of their customers. In addition, the embedded cost-based system for rural ILECs is highly accountable to the public, requiring carriers to submit extensive data that is subject to multiple layers of review. It would be unwise to dismantle a support system for rural ILECs that is already efficiently accomplishing its objectives.

In order to address the rapid and unjustified growth in the High-Cost program, OPASTCO recommends that the Commission proceed with its tentative conclusion to eliminate the identical support rule. In its place, at least in rural service areas, competitive eligible telecommunications carriers (ETCs) should be required to demonstrate their own costs in order to potentially qualify for high-cost support. Cost-based support would incent competitive ETCs to expand their networks in high-cost areas and hold them to a similar level of accountability as rural ILECs for the support they receive. This would establish far greater assurance that the funding received by all ETCs in rural service areas is no more than sufficient and is being used only for its intended purposes. Two feasible solutions for determining wireless competitive ETCs' costs and support amounts are the Wireless Carrier Actual Cost (WiCAC) proposal and the Panhandle proposal. Both have positive attributes and could be made to work together.

The comments explain that rural ILECs should not be subject to a reverse auction mechanism, as it would seriously jeopardize the availability of "reasonably comparable" services and rates to consumers in rural service areas. Reverse auctions would create significant unpredictability for rural carriers as to whether or not they will be able to recover the costs of network upgrades, thereby inhibiting them from making necessary investments. Reverse auctions would also likely make the capital markets more reluctant about making new loans to rural ILECs.



OPASTCO

ORGANIZATION FOR THE PROMOTION
AND ADVANCEMENT OF SMALL
TELECOMMUNICATIONS COMPANIES

APRIL 17, 2008

OPASTCO NEWS

L&R CONFERENCE SPONSORSHIP OPTIONS NOW AVAILABLE

Join CoBank; ElectriCom, Inc.; GVNW Consulting, Inc.; Mapcom Systems; Mid-State Consultants; National Rural Telecommunications Cooperative (NRTC); and Rural Telephone Finance Cooperative (RTFC) and help sponsor the 2008 OPASTCO/WTA L&R Conference! Sponsorship options are available at the Contributor Level for \$1,000 or the Supporter Level for \$500.

Please e-mail events@opastco.org for more information, and show your support on Capitol Hill!

LIFETIME ACHIEVEMENT AWARD NOMINATIONS DUE MAY 16

OPASTCO is currently seeking nominations for the OPASTCO Lifetime Achievement Award. This award, which will be presented at the 45th Annual Summer Convention and Tradeshow in Quebec City, Quebec, is one of the highest honors bestowed by the organization and is presented to an individual who has distinguished themselves by outstanding contributions to further enhance the present well-being or future of the independent telephone industry.

Nominations are due May 16.

To view the nomination form, visit www.opastco.org/site/about/awards/lifetime.

OPASTCO asked the Commission to remove the cap on High-Cost Loop Support (HCLS) and refrain from capping the other support mechanisms that rural rate-of-return (RoR) ILECs rely on for cost recovery and operating revenues. Rural ILECs need to continually upgrade their networks because the broadband connections that are available to consumers today will soon be considered antiquated and insufficient. The products, services, and applications that ride over the broadband network are becoming more and more bandwidth intensive, and are requiring ever-higher data speeds to accommodate them. Thus, applying caps to rural RoR carriers' support mechanisms going forward would impede their ability to make available future generations of advanced services that will be deemed essential by businesses and households, and critical to the prosperity of rural service areas.

The comments also recommend that the Commission establish separate support mechanisms for mobility and broadband that, among other things, encourage deployment of these services in areas where they are presently unavailable. OPASTCO also asked the FCC to require all facilities-based broadband Internet access providers to contribute to the USF to help secure the High-Cost program's long-term sustainability.

To view the comments, visit http://www.opastco.org/doclibrary/1511/96-45_auctions.ISR.cmt.pdf.

For more information, please contact Stuart Polikoff, OPASTCO's director of government relations, at 202/659-5990 or sep@opastco.org.

Lofgren Introduces Wireless Tax Moratorium in House

Rep. Zoe Lofgren (D-Calif.) recently introduced H.R. 5793, the Cell Tax Fairness Act of 2008. The legislation would prohibit state and local governments from imposing new taxes on commercial mobile radio services (CMRS) for a five-year period. The bill specifically exempts programs to obtain federal universal service support, state universal service support, and E-911 program support. The measure would account for changes in tax rates, exemptions, deductions, credits, incentives, and other factors when determining whether or not a new tax should be prohibited. New CMRS taxes that replace prior CMRS taxes that would generate an equal or lesser amount of revenue from CMRS users would be permitted under the bill.

To view the bill text, visit http://thomas.loc.gov/home/gpoxmlc110/h5793_ih.xml.

Gingrey Introduces Ban on Unsolicited Commercial Text Messages

Rep. Phil Gingrey (R-Ga.) recently introduced H.R. 5769, the Stop M-Spam Abuse as a Sales Industry Habit Act of 2008. The legislation would prohibit sending text messages containing unsolicited advertisements to cellular numbers listed on the Federal Trade Commission's Do-Not-Call list.

To view the bill text, visit http://thomas.loc.gov/home/gpoxmlc110/h5769_ih.xml.

Comments on AWS, Broadband PCS Auction Due Tomorrow

The FCC is seeking comments on the advanced wireless services (AWS) and broadband personal communications services (PCS) spectrum auction scheduled for July 29. This auction will feature 35 AWS licenses in the 1710-1755 and 2110-2155 MHz bands and 20 broadband PCS licenses offered in previous auctions that were unsold or returned due to license cancellation or termination. The auction will feature anonymous bidding using the standard simultaneous multiple-round auction format allowing bids to be placed on every license at the same time.

Comments are due April 18, with reply comments due April 25.

To view the *Federal Register* notice, visit <http://edocket.access.gpo.gov/2008/pdf/E8-8178.pdf>.

ASSOCIATE MEMBER DISTINGUISHED SERVICE AWARD NOMINATIONS DUE MAY 16

OPASTCO also is seeking nominations for the Associate Member Distinguished Service Award. This award honors associate members who have performed outstanding service for the benefit of the telecommunications industry in conjunction with their OPASTCO membership.

Nominations are due May 16.

To view the nomination form, visit <http://www.opastco.org/site/about/awards/associate>.

OPASTCO QUEBEC SPONSORSHIP OPTIONS AVAILABLE ONLINE

Sponsorship opportunities for OPASTCO's 45th Annual Summer Convention are now available.

Premier sponsorships are available at the platinum, gold, silver and bronze levels. Nineteen different event and individual item sponsorships are available at a variety of different price levels.

For sponsorship information, visit www.opastco.org/site/meetings/summer/sponsors.

FRED'S DINNER CRUISE OFFERS FUN FOR ENTIRE FAMILY

FRED's Dinner Cruise will take place on July 15 aboard the majestic Louis-Joliet as it cruises along the Saint Lawrence River. Participants will receive exclusive access to the vessel for a private dinner and guided cruise. The spacious Louis-Joliet has three levels for dining, plus one large exterior terrace that covers the whole stern of the ship. The cruise will feature spectacular views of Orleans Island, Montmorency Falls, and Chateau Frontenac with the Laurentian Mountains in the background. This event is for the entire family, including the children who will enjoy the kiddy corner's games, art projects, and other fun activities.

For more information, visit <http://www.fred.org/events.html>.