

OPASTCO 411

VITAL INFORMATION FOR OPASTCO MEMBERS ABOUT
THEIR INDUSTRY AND THEIR ORGANIZATION



OPASTCO

ORGANIZATION FOR THE PROMOTION
AND ADVANCEMENT OF SMALL
TELECOMMUNICATIONS COMPANIES

APRIL 30, 2008

Barton Circulates USF Reform Bill Discussion Draft

Rep. Joe Barton (R-Texas) recently circulated a discussion draft on Universal Service Fund (USF) reform legislation entitled the Universal Service Reform, Accountability, and Efficiency Act. The legislation would designate voice service to be the only service supported by the High-Cost and Low Income programs. The bill would reform the USF contribution mechanism to be based on telephone numbers and would exempt low income households from contribution requirements.

The proposal would cap the all federal USF support mechanisms at levels collected for the last year prior to enactment. The measure would authorize the FCC to enact reforms necessary to ensure that enabling the USF to comply with the Antideficiency Act would not disrupt USF administration. The bill would impose means testing to prevent support from being provided to high-income households in high-cost areas.

The measure would require the FCC to implement reverse auctions to allocate support. The auctions would incorporate cost-constraining benefits, technological neutrality, incentives for providers to become more efficient, and occur at intervals that account for marketplace and technological changes. Support would only be provided to a single eligible telecom carrier (ETC) in each service area. Areas in which consumers have access to service from one or more unsupported carriers would be ineligible for support.

Carriers, including cooperatives, receiving support would be prohibited from issuing dividends or vouchers to their members that negate the cost of voice services or enable the member to profit from having voice services. The bill would require carriers to return net profits obtained from receiving USF support back to the Commission.

The proposal would add three Ph.D. economists to the Federal-State Joint Board on Universal Service. The Universal Service Administrative Company's (USAC) Board of Directors would be reformed to require its members to be professional public administrators who do not have affiliations with organizations that receive USF support. The bill would require the FCC to introduce performance measures to the USF that measure the change in penetration per million dollars spent and price to income ratios for voice services.

To view the draft text, visit <http://republicans.energycommerce.house.gov/Media/File/News/USF%20Reform%20Discussion%20Draft.pdf>.

FCC Denies CTIA Petition for Relief Under USF True-Up Waiver Order

The FCC recently denied a petition filed by the Cellular Telecommunications and Internet Association (CTIA) seeking extension of relief granted to AT&T, SBC and Verizon under the Commission's Universal Service Fund (USF) True-up Waiver Order for all similarly-situated USF contributors. The FCC explained that AT&T, SBC and Verizon demonstrated that their actual collected revenues for the first quarter of 2003 exceed their projections for the quarter. The three carriers requested that the Commission modify the true-up process and subtract their actual collected revenue for the quarter instead of their projections.

OPASTCO NEWS

ECONOMIST TODD BUCHHOLZ TO KEYNOTE OPASTCO QUEBEC CONVENTION

Acclaimed economist and financial consultant Todd Buchholz will deliver the keynote address at OPASTCO's 45th Annual Summer Convention, which will be held from July 12-16 in Quebec. Buchholz has served as director of economic policy at the White House; managing director of the \$15 billion Tiger hedge fund; and as an award-winning economics teacher at Harvard. He has advised President Bush; is a frequent commentator on ABC News, PBS, and CBS; and recently hosted his own special on CNBC.

Buchholz is author of numerous books on cutting-edge economic and business finance issues. His books have been translated into a dozen languages and are used as college texts around the nation. They include "Market Shock: 9 Economic and Social Upheavals that Will Shake Our Financial Future," "New Ideas from Dead Economists," and "From Here to Economy."

Speakers and sessions for the Quebec Convention have been announced. General session speakers will include FCC Commissioner Jonathan Adelstein and Lorne Abugov of Osler Hoskin and Harcourt LLP.

For the latest updates on the Quebec Convention, as well as the listings of speakers and sessions, visit www.opastco.org/site/meetings/summer/.

Each provided company-specific collected revenue data to support their requests.

In addressing CTIA's petition, the FCC found that the association did not provide new information sufficient to warrant extending relief to all similarly-situated companies regardless of their individual circumstances.

For more information, visit http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-08-121A1.pdf.

FCC Adjusts Revenue Thresholds for Carrier Classifications

On April 22, the FCC announced inflation-adjusted revenue thresholds used to classify carriers for accounting and reporting purposes. The revenue threshold between Class A carriers and Class B carriers is increased to \$138 million. The threshold between larger Class A carriers and mid-sized carriers is increased to \$8.181 billion.

For more information, visit http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-08-929A1.pdf.

Snowe Introduces Bill to Strengthen SBA Office of Advocacy

Sen. Olympia Snowe (R-Maine) recently introduced S. 2902, the Independent Office of Advocacy and Small Business Regulatory Reform Act. The legislation would require federal agencies to notify the Small Business Administration's (SBA) Office of Advocacy when submitting any draft rule that may have a significant economic impact on small businesses to the Office of Management and Budget (OMB) for review, or within a reasonable timeframe if OMB review is not required. The proposal would require agencies to address concerns raised by the SBA Office of Advocacy when writing their final regulatory flexibility analyses under the Regulatory Flexibility Act (RegFlex). Agencies would be mandated to quantify effects of proposed and final rules, as well as alternatives, or explain why quantification is not practical or would not be reliable.

For more information, visit http://snowe.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=7ce8b9ac-802a-23ad-42cb-94d42eb31e05&Region_id=&Issue_id=.

Rose Participates in Free State Foundation USF Reform Panel

On April 28, OPASTCO President John Rose participated in a panel discussion on USF reform held by the Free State Foundation on Capitol Hill in Washington, D.C.

L&R CONFERENCE SCHEDULE ANNOUNCED

OPASTCO and WTA's Legislative and Regulatory Conference will be held from May 19-21 at the Renaissance M Street Hotel in Washington, D.C. On May 19, a special reception will be held to welcome attendees.

On May 20, participants will be briefed on issues including universal service reform, intercarrier compensation reform, broadband and network access, and affordable access to video content in preparation for their meetings downtown. On May 21, a breakfast Q&A will give attendees an opportunity to compare notes before their next round of meetings.

For more information about the event, including online registration, please visit <http://www.opastco.org/site/meetings/legislative>.

LIFETIME ACHIEVEMENT AWARD NOMINATIONS

OPASTCO is currently seeking nominations for the OPASTCO Lifetime Achievement Award. This award 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, specifically on a local or state level.

Nominations are due May 16.

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

ASSOCIATE MEMBER DISTINGUISHED SERVICE AWARD NOMINATIONS

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>.