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March 14, 2006

By Electronic Filing

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Re: *Federal-State Joint Board on Universal Service*, CC Doc. No. 96-45; *Developing a Unified Intercarrier Compensation Regieme*, CC Doc. No. 01-92*;T-Mobile et al. Petition for Declaratory Ruling Regarding Incumbent LEC Wireless Termination Tarriffs*, CC Doc. No. 01-92; *Petition of Mid-Rivers Telephone Cooperative, Inc. for an Order Declaring It to be an Incumbent Local Exchange Carrier in Terry, Montana Pursuant to Section 251(h)(2)*, WC Doc. No. 02-78

Dear Ms: Dortch:

On March 13, 2006, Gerry Anderson, Paul Schuetzler and Rick Vergin, Directors of the Rural Independent Competitive Alliance ("RICA") and David Cosson, RICA General Counsel met with Thomas Navin, Kirk Burgee, Donald Stockdale, Marcus Maher and Thomas Buckley of the Wireline Competition Bureau to discuss the proceedings referenced above. The discussions followed the text of the attached paper and positions previously set forth in RICA's comments in these proceedings.

Please direct any questions regarding this matter to me. Please note the change in my address and telephone number.

Sincerely yours

David Cosson
General Counsel, Rural Independent Competitive Alliance

Attachment
Cc: Thomas Navin, Kirk Burgee, Donald Stockdale, Marcus Maher, Thomas Buckley

Attachment

RURAL INDEPENDENT COMPETITIVE ALLIANCE
FCC VISITS
MARCH 13-14, 2006

1 RICA and Its Members

RICA is a national organization representing the interests of facilities based competitive local exchange carriers providing service in rural, high cost areas of the country long neglected by the large incumbent telephone companies. RICA members are all affiliated with rural telephone companies and pursue an "edge out" strategy to provide superior service and advanced telecommunications capabilities that the incumbents have failed to provide. Broadband and other advanced services are available to most RICA member subscribers.

2. Intercarrier Compensation

RICA members provide interstate switched access service at either the rate of the incumbent with which they compete, or at the NECA rate, pursuant to FCC Part 61 rules. Intrastate access is generally priced in the same manner. Subsequent to adoption of these tariffing rules, the FCC reduced the NECA rates in the MAG proceeding, and offset the reduction for NECA members with additional USF. Over RICA's objection, no such offset was provided for rural CLECs.

New proposals for revision to the Intercarrier Compensation rules are coming before the Commission as a result of the NARUC Task Force effort. RICA has actively participated in these meetings. It is expected that the proposals will call for reductions in inter- and intrastate access rates, perhaps to the level of reciprocal compensation rates. It is critically important to rural CLECs' ability to survive and grow that any mechanism to offset the revenue losses experienced as a result of a unified and uniform rate prescription fully incorporate rural CLECs. It is also important that any new interconnection rules adopted in this proceeding not impose costs on rural CLECs to transport calls beyond their own facilities.

3. Universal Service

RICA has long advocated elimination of the "portability" rules in favor of determining the amount of support for each CETC based on its own costs. The present system is irrational because there is no connection between the need for support and the amount provided. Thus some CETCs receive little or no support where they operate in a high cost area of a large carrier that is not, on average, high cost. On the other hand, other CETCs receive a windfall where their costs may be substantially less than the average of the ILEC.

RICA supports broadening the base of contributions to ensure the health of the USF.

RICA members will be directly and indirectly affected by the Commission's decision in the *Qwest II* Remand proceeding, particularly if the portability rules are not repealed. RICA will emphasize that adoption of new definitions of "sufficient" and "reasonably comparable" will affect all USF mechanisms.

4. Status of Rural CLECs

Rural CLECs, by definition, operate in a much different environment than urban CLECs. Typically, they achieve the very high penetration rates necessary to support overbuilding because the incumbent has failed to maintain and update its facilities, and does not provide any local contact points. In essence, the rural CLECs become the *de facto* incumbent.

Because the Commission's rules treat CLECs less favorably than ILECs in many respects, rural CLECs are at a competitive disadvantage, even though they have provided the precise consumer benefits envisioned by the 1996 Act. CLECs cannot set access rates at their own costs, cannot recover Universal

Service Support based on their own costs, and have no rights to require CMRS carriers to negotiate interconnection agreements.

The Commission has failed to act in a timely manner to the concerns RICA members have raised regarding these issues. In February 2002, Mid-Rivers Telephone Cooperative filed a petition under Section 251(h)(2) of the Act to be declared the ILEC in Terry, Montana where it serves at least 95% of the subscribers. Over four years later, there is still no response to Mid-Rivers' petition. It has now been more than six months since the Commission granted a petition filed much later by Qwest for relief in Omaha where the CLEC had a much smaller market share.

Seeing the delay facing Mid-Rivers, several RICA members managed to negotiate contracts to buy out the ILEC where they had taken most of the subscribers. To date, there has been no decision on these petitions, although the first was filed in November 2003. RICA has been advised a decision should be released soon. In the more than two years wait for FCC approval, not only have subscribers been denied service improvements they would otherwise have received, but interest rates have been raised substantially which will add to the subscribers' financial burden.

Many RICA members' requests to CMRS carriers to establish interconnection agreements have been refused on the basis that the Commission's *T-Mobile* decision only requires them to negotiate with ILECs. The Commission should either explicitly extend the decision to CLECs, or permit them to file tariffs for traffic which they are terminating without compensation.