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September 9, 2011

John Van Eschen
Manager, Telecommunications Department
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Re: Proposed Changes to Eligible Telecommunications Carrier Rules, TW-2012-0012.

Mr. Van Eschen:

On behalf of the Missouri Independent Telephone Company Group (Alma Telephone Company, Chariton Valley Telephone Corporation, Choctaw Telephone Company, Mid-Missouri Telephone Company, and MoKAN Dial Inc.), I would like to thank you and your department for the opportunity to meet and discuss these proposed rule changes prior to filing these comments.

Lifeline/Linkup-only ETC rule changes

It appears that the moving force underlying these proposed rule changes is the increased level of applications by wireless carriers seeking ETC designation in order to receive Lifeline/Linkup support only. It appears there are legitimate concerns with respect to these wireless carriers' record keeping or certification as to the number of Lifeline/Linkup customers for whom USF support has been sought. We have no objection to the proposed rule changes designed to meet this concern. We would oppose the extension of any such rules to ETCs that do not limit their USF support to Lifeline/Linkup customers. There are no reported problems necessitating changes for these ETCs. We leave it to the Commission to determine if the proposed rule changes for Lifeline/Linkup-only ETCs are worth the increased costs to the private and public sectors.

High-Cost ETC rule changes

The current ETC certification rule works for both incumbent local exchange carrier ETCs and competitive ETCs receiving high cost support for all customers (not just Lifeline/Linkup Customers). These provisions of the current rule do not need to be fixed.

With respect to ETC annual certification, the current rule treats I-ETCs differently than it treats C-ETCs. The proposed rule changes would eliminate this distinction in an apparent attempt to treat I-ETCs and C-ETCs the same. If they received USF support on the same basis; treating them the same would make sense. However, they do not. There is good reason for the current distinction, and we oppose these changes.

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I-ETCs receive USF support as reimbursement for qualified costs under FCC/National Exchange Carrier Association rules and procedures. I-ETCs receive USF support approximately two years after qualifying facility investments and operational expenditures are made. They must comply with rigorous accounting standards, separations requirements, annual cost reporting, other reporting, and are subject to audit therefore. C-ETCs, on the other hand, receive USF support based on the number of customers they have, multiplied by the amount of per line USF support received by the ILEC (which may be a disaggregated amount) in the study area in which each customer is located, subject to the cap imposed by the FCC on C-ETC USF receipts. C-ETCs certify line counts and study area locations to NECA. There is no review of the cost of their investments and expenditures.

In addition, I-ETCs have carrier of last resort obligations. They must build to any new customer location. C-ETC build-out obligations differ from COLR. They are not required to serve every customer requesting their service, and can refuse service when facilities are not reasonably available. Instead they prepare build out plans designed to extend coverage, and report as to actual build out. The difference between COLR obligations and C-ETC build out reporting is reflected in the in the current rule, as it should be. We oppose I-ETCs being subject to build-out reporting requirements.

The current differentiation in annual certification requirements between I-ETC and C-ETC high cost USF support is based upon fundamentally different regulatory obligations. We oppose doing away with this differentiation.

Potential FCC Rule Changes

The FCC is currently considering revising its USF programs in order to focus USF on broadband. The FCC has indicated its high cost rules, as well as its lifeline linkup rules, may be changed. It may be advisable for the Commission to await implementation of any such federal USF rule changes prior to effectuating any Missouri ETC rule changes, in order to avoid duplicative rulemaking proceedings.

Fiscal Impact and Regulatory Burden

It appears the STCG estimate of $600 annual fiscal impact per small rural I-ETCs is within reason. We can refine this estimate in connection with a final rulemaking.

If the proposed rule changes are effectuated, the new rules would impose additional time requirements of compliance, and fiscal impacts to the MITG companies. The MITG companies do not waive the requirements of § 1.310.3 RSMo, § 536.010 RSMo, §536.303 RSMo, or JCAR review.

Sincerely,

/s/ Craig S. Johnson
Craig S. Johnson