



May 18, 2010

UNIFIED RURAL VOICE ACHIEVED!

Dear Members:

We are pleased to report to you the national associations representing your interests as rural rate of return carriers (RLECs) have agreed to a joint filing of a unified rural position in the National Broadband Plan's Notice of Proposed Rulemaking (NPRM) and Notice of Inquiry (NOI) seeking comment on the Commission's proposals regarding Cost Modeling and Universal Service Reform. We recognize the importance of speaking with one voice on the critical issues facing our members and to that end, have been holding meetings on how best to respond on your behalf. Below are some of the key points we are supporting.

Overall Response Strategy

- Identify constructive ways to help the commission achieve the goal of universal broadband service in rural areas.
- Identify alternatives to commission recommendations that will impede the ability of RLECs to continue to maintain and expand high quality broadband services in rural areas.

Key Positions Being Advocated

- Network design based on funding only 4 Meg in rural areas is shortsighted and creates a digital divide compared to 100 Meg in urban areas.
- RLECs have made significant investments in multi-use, broadband capable networks which serve 37% of the national geography. Their continued ability to provide comparable telecommunications services to rural Americans is vital to our nation's economic development, national security and public health and safety.
- These investments have been made possible due to a time-tested cost-recovery structure consisting of rate-of-return regulation, NECA pooling, intercarrier compensation and USF support.
- The FCC should now be looking to recreate this success story with a broadband focus and not undermine or ignore what has worked to achieve affordable and comparable services for rural consumers as required by the Communications Act.

In our joint comments we will be identifying the significant concerns and impacts of the Commission's proposal to divert high cost funding away from your companies by freezing USF/ICLS per line and forcing you to incentive regulation. We will demonstrate how you continue to have different requirements from the much larger price cap carriers and should therefore continue to have broadband-focused cost recovery mechanisms designed to meet your unique service areas and rural customer requirements.

How You Can Help

There are several ways you can help this effort. Most importantly, understand the FCC's proposals and express your views on the serious consequences these recommendations will have on your company and customers if implemented as proposed. Second, support our joint efforts to collect the data and obtain the engineering studies needed to make a convincing case to the FCC that their proposals are the wrong way to go for rural America. Finally, support the need to maintain a unified rural voice as we move forward on these important issues.

Sincerely,

/s/ Bill Hegmann
President & CEO
NECA

/s/ Michael E. Brunner
Chief Executive Officer
NTCA

/s/ John Rose
President
OPASTCO

/s/ Kelly Worthington
Executive Vice President
WTA