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**OPASTCO RELEASES WHITE PAPER STUDYING
REVENUE SOURCES FOR RURAL LOCAL EXCHANGE CARRIERS**

***Findings Show Revenue Shortfalls Over Next Three Years
If Universal Service and Intercarrier Compensation Remain Status Quo***

WASHINGTON, D.C. – The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) has released an important white paper by Prof. Dale Lehman that gives the FCC hard data from 921 small, rural ILECs and provides estimated revenue shortfalls in regulated revenue that, given current trends in wireline, wireless and VoIP traffic, will occur if universal service and intercarrier compensation remain status quo. The findings in “The Next Three Years: Likely Revenue Scenarios for Rural Incumbent Local Exchange Carriers” may be used by federal regulators to determine how proposed regulatory changes for long-term universal service and intercarrier compensation reform affect rural ILECs, and thus rural networks and the consumers who depend on these carriers of last resort.

Major findings of the study include:

- Traditional revenue sources (local service revenues, USF, access) are unlikely to keep pace with costs over the next three years. Cumulative revenue shortfalls are predicted to be 5 percent in 2008, 9 percent by 2009, and around 13 percent by 2010 for the small rural ILEC industry.
- Companies more reliant on local service revenues and intrastate access will fare the worst, while those more reliant on USF and interstate access will experience more modest impacts.

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“Rural ILECs have long been the carriers of last resort because RBOCs didn’t find high-cost rural service areas economically advantageous to serve,” OPASTCO President John Rose stated. “As the FCC considers long-term reforms for universal service and intercarrier compensation, regulators must ensure that rural ILECs can afford to continue to run their businesses and operate in these high-cost areas. Without adequate revenue for operations, maintenance and upgrades, rural networks will fall behind and weaken our country’s entire network infrastructure, and consumers everywhere will suffer because of it.”

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Note to Editors: The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) represents nearly 600 small, independently owned, local telecommunications companies serving primarily rural areas of the United States and Canada. OPASTCO membership includes both commercial companies and cooperatives, which range in size from fewer than 100 to 100,000 access lines, and collectively serve more than 5.5 million customers. OPASTCO represents rural telecommunications interests before federal regulatory bodies and Congress, provides publications, and holds two conventions annually in January and July of each year, addressing the needs of the small telecommunications industry. The association has an affiliate 501(c)(3) nonprofit, the Foundation for Rural Education and Development (FRED). Visit the OPASTCO Website at www.opastco.org.