October 27, 2008

Chairman Kevin J. Martin
Commissioner Michael J. Copps
Commissioner Jonathan S. Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert M. McDowell
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92;
Federal-State Joint Board on Universal Service, CC Docket 96-45

Dear Chairman Martin and Members of the Commission:

The Rural Telephone Finance Cooperative (RTFC), a privately funded, member-owned cooperative financing organization that provides financing to America’s rural telecommunications industry, has become aware that the Commission is considering a holistic plan for reforming intercarrier compensation and universal service. We respectfully urge the Commission to delay adoption of an Order and initiate a rulemaking proceeding in which the public may see and comment on a proposed plan prior to any Order.

Rural local exchange carriers (RLECs) have put in place the infrastructure necessary to provide the full range of modern telecommunications services to rural Americans. RLECs were able to finance this with a combination of internally generated funds and external capital from government and private sector sources. RTFC is one such source, having provided many billions of dollars in debt capital over our twenty year history.

Intercarrier compensation and universal service revenues have thus far enabled capital to flow to the rural telecom sector of the economy. Without these critical revenue sources, rates to rural consumers will be prohibitively high and future investment will be inhibited. If the Commission’s objective is to get broadband to all Americans, it is essential that any modernized intercarrier compensation regime be stable and adequate. Lenders won’t lend and RLECs won’t invest unless they have a reasonable assurance of being repaid and earning a reasonable return on invested capital.
Based on media reports of the plan which the Commission is reportedly preparing to order, we believe that investment in rural telecommunications will be severely curtailed. Stakeholders deserve the right to review and comment on such major changes to critical revenue sources. RTFC respectfully requests that the Commission open a proceeding and delay adoption of an order on intercarrier compensation and universal service.

Respectfully submitted,

[Signature]

Lawrence Zawalick
Senior Vice President
Rural Telephone Finance Cooperative