

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the Matter of:	)	CC Docket 01-92
	)	
Federal Communications Commission	)	
	)	
Missoula Inter-carrier Compensation	)	
Reform Plan	)	
	)	
	)	

**COMMENTS OF THE IOWA UTILITIES BOARD**

On July 25, 2006, the Federal Communications Commission (FCC) released a notice, seeking comment on an inter-carrier compensation reform plan (the “Missoula Plan”) filed July 24, 2006 by the National Association of Regulatory Utility Commissioners’ Task Force on Inter-carrier Compensation (NARUC Task force).

The Missoula Plan (Plan) is the product of a three year process of industry negotiations led by NARUC. The Iowa Utilities Board (Board) wishes to thank the stakeholders involved in that process, both those that support the current version, as well as those who have since left the table. The Board would encourage the current supporters of the Plan to continue their collaborative efforts, especially those directed at bringing on more supporters. It is important that a comprehensive inter-carrier compensation reform plan be developed and supported by a wide and diverse group of supporters. Reform will directly impact the likes of the universal service fund and the separations process.

It is clear that the Plan is complex. Many of the aspects of the Plan are best left for comment by the carriers that will be impacted by those aspects. However, there are two areas of concern that the Board has because of their potential impact on Iowa Consumers. The first is the proposed SLC increases which could occur over a period of the first four years of the Plan. While the SLC increases are said to be voluntary, it must be assumed that all carriers would leverage that opportunity to increase the rates. The proposed increases could amount to \$3.50 per month for Track 1 customers, and up to \$2.25 per month for all Track 2 & 3 customers, all accumulating gradually, in the first four years of the Plan. After the first four year period, SLCs would rise annually adjusted for inflation.

Lifeline subscribers are not to be harmed by the SLC increase. There are over 140,000 Iowa subscribers that qualify at poverty levels equivalent of the Lifeline eligibility requirements, but do not participate. It is not known why these subscribers do not to participate in Lifeline, but they would be unprotected and directly impacted by the SLC increases. It is logical to believe that those 140,000 plus subscribers are elderly, rural, living on a fixed income, living at poverty levels, or a combination of the above. The SLC increase could have the impact of driving these subscribers from the wireline network by making the service unaffordable for a large number of subscribers. The Plan's idea of placing a large piece of the burden of access recovery on SLC increases, unfairly punishes consumers.

Another concern is the Restructure Mechanism. The Plan provides for a Restructure Mechanism designed to replace the revenues that are eliminated in connection with the Track 1, Track 2, and Track 3 transitions, to the extent such revenues are not recovered through restructured intercarrier charges or increased SLCs. It is estimated by the authors of the Plan, that the Restructure Mechanism will require approximately \$1.5 Billion dollars in funding. The Plan spends page after page describing in great detail how carriers will be allowed to draw funds from the Restructure Mechanism. However, there are no explanations or answers as to how it will be funded. As the Board expressed in the previous paragraph, further burdening of consumers is not the correct path. Funding the Restructure Mechanism through a consumer surcharge or anything similar to the universal service funding methods would cause the Board concern. Given that the Plan proposes such a large funding mechanism and several changes to the existing universal service support, explaining how to fund the Restructure mechanism should be paramount. Before any of the contemplated steps by the Plan are taken, a clear, concise plan for funding of the Restructure Mechanism must be outlined.

## CONCLUSION

The Iowa Utilities Board respectfully submits these comments for the Federal Communication Commission's consideration regarding its review of the NARUC Task Force's plan regarding intercarrier compensation reform (the Missoula Plan).

Respectfully submitted,

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John Ridgway  
Manager – Telecommunications

October 25, 2006