



September 29, 2008

Dear Senator/Representative:

In the wake of our nation's recent financial crisis, one question repeatedly surfaces – are there other looming circumstances that could lead to similar economic upheaval, job loss, and declining consumer confidence? Sadly, the answer is yes, for today, the Federal Communications Commission (FCC) is seriously considering a proposal that would wrongly relieve communications industry titans, Verizon, AT&T, and others, of more than \$8 billion in annual access and intercarrier compensation responsibilities. We need your help to preclude the FCC's further consideration of this shortsighted and unwise scheme.

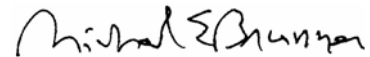
In their proposal, the industry titans call on the FCC to establish a unified \$0.0007 *terminating* access rate for all price cap and rate of return (RoR) telecommunications carriers, for all traffic exchanged with or on the public switched telephone network (PSTN) including Internet Protocol (IP-based) traffic. Launched under the guise of facilitating the resolution of a seven-year old outstanding court remand order on Internet Service Provider (ISP) rates, the proposal would place billions of dollars of unrelated terminating and originating switching intercarrier cost recovery at risk, while leaving the door open for the titans to continue charging whatever they wish for terminating transport on their infrastructure. For rural carriers alone, this disruption could jeopardize more than \$2 billion in annual cost recovery revenues.

Yet, the damage would not end there. The portfolios of the rural telecom sector's financing institutions would also be placed at risk. Private financiers RTFC and CoBank hold approximately \$2.2 billion and \$3.4 billion in outstanding loan commitments respectively. And public sector lender, the federal Rural Utilities Service, holds well in excess of \$3.5 billion in such commitments. A significant portion of this combined rural telecom sector loan portfolio would be placed at risk by the Verizon/AT&T proposal. Furthermore, the plan would place substantial new pressures on the federal universal service system, which has already been strained by unbridled program growth resulting from regulatory lapses.

The titans' proposal is legally flawed as well. Not only would it unlawfully preempt state jurisdiction to set intrastate rates as granted under Section 2 of the Communications Act of 1934, it likewise would breach the state and federal separations requirement of Section 410 of that Act, which would ultimately have the affect of violating the takings clause in the 5th Amendment of the U. S. Constitution. It would also violate the federal/state regulatory compact with regard to RoR ratemaking. And, it would fail to consider that separate rules should apply to small rural RoR carriers in accordance with the Regulatory Flexibility Act.

Full cost recovery is the lifeblood that sustains telecommunications carriers of every size and nature, but it is particularly critical for small, rural carriers that have few economies of scale combined with comprehensive provider of last resort responsibilities. The Verizon/AT&T plan will undermine that entire structure. Please help us prevent that from happening by letting the FCC know of your deep concern over this proposal.

Sincerely,

A handwritten signature in black ink that reads "Michael E. Brunner". The signature is written in a cursive style with a large initial "M".

Michael E. Brunner
Chief Executive Officer

MEB:tdw