



## **SUMMARY**

The purpose of MITS' reply comments is to respond to comments by other parties submitted in CC Docket No. 02-6, Third Report and Order and Second Further Notice of Proposed Rulemaking, Adopted December 17, 2003 and Released December 23, 2003, specifically related to proposals intended to improve the abilities of the Commission and the Administrator to identify and enforce violations of the Commission's rules and to reduce waste, fraud, and abuse in the schools and libraries universal service mechanism. MITS supports efforts by the FCC and the Program Administrator to simplify program administration, to ensure equitable distribution of funds, and to protect against waste, fraud and abuse so that the Program may continue to benefit the schools and libraries for which the Program benefits were intended.

## **COMMENTARY**

Montana Independent Telecommunications Systems (MITS) represents telecommunications companies whose service areas span the state of Montana as well as parts of North Dakota, Wyoming and Nevada.<sup>1</sup> MITS member companies are small, rural telecommunications companies, both telephone cooperatives and independent telephone companies. MITS' members provide a full range of services, both wireline and wireless telecommunications, including basic and advanced local and long distance wireline services, cellular and PCS services, and dial-up and dedicated Internet access (including DSL service to nearly 150 Montana communities with populations under 2000). The companies also provide

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<sup>1</sup> MITS' members include Central Montana Communications, InterBel Telephone Cooperative, Nemont Telephone Cooperative, Northern Telephone Cooperative, Project Telephone Company, Triangle Telephone Cooperative Association, and Valley Telecommunications, all headquartered in Montana, as well as CC Communications, headquartered in Fallon, Nevada.

interactive video conferencing via an ATM backbone to more than 75 studios across the state, the vast majority of which are located within rural schools and health care facilities and are used for distance learning. MITS and its member companies have been and continue to be strong advocates for the Universal Service Schools and Libraries Program.

MITS supports the recommendation that applicants should be required to identify any consultants or other outside experts, paid or unpaid, that aid in the preparation of the applicant's technology plan or in the applicant's procurement process. MITS supports the proposal to require consultants and other outside experts to register with USAC and to disclose any relationships with service providers in order to facilitate the ability of the Commission and law enforcement officials to identify and prosecute individuals that may seek to manipulate the competitive bidding process or engage in other illegal acts.

However, MITS recommends that the FCC and the Program Administrator recognize the differing circumstances, flexibility and financial constraints between schools and libraries located in urban areas and schools and libraries located in rural areas such as those served by MITS' small member companies. For example, most secondary schools (Grades 9-12) in the rural areas served by MITS' members companies have enrollments of less than 100 students. Many secondary schools in the rural areas served by MITS' member companies have enrollments of less than 50 students. These applicants do not have the resources to hire individuals primarily responsible for administrative tasks related to the Schools and Libraries Program. The individual responsible for the "E-Rate Program" within these rural schools is likely to be responsible as well for classroom instruction, coaching one or multiple sports, and overseeing various extra-curricular activities.

Likewise, the small, rural telecommunications companies serving the rural areas in which these small schools and libraries are located do not have the resources to hire individuals with a primary focus on marketing services to potential E-Rate applicants.<sup>1</sup> The employees of small rural telecommunications carriers wear as many different hats as the employees of the schools located in their service areas. Like the schools and libraries they serve, it is not economically feasible for small, rural telecommunications companies, such as the members of MITS, to employ staff dedicated to the Schools and Libraries Program. With this knowledge and understanding, in 1997 MITS' member companies concluded that they could join together and share resources to provide basic education and training on the E-Rate Program to the schools and libraries located in their rural service areas so that the children in those communities could have access to the benefits of the Program. Collectively the companies contracted with a consultant whose primary focus was to work directly with schools and libraries so that they may understand the Program and its benefits.<sup>2</sup> This approach, that some may consider novel, has been extremely successful for Montana's rural schools, libraries, and service providers. Absent the education and management assistance provided through the MITS' member companies, MITS believes that Montana's rural schools and libraries would have significantly less access to telecommunications services than they have today.

MITS recommends that the FCC and the Schools and Libraries Program Administrator consider the differences between the applicants located in sparsely populated rural areas and those located in urban areas and take no actions that would have the unintentional effect of

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<sup>1</sup> For example, one of MITS' members, Northern Telephone Cooperative, has only 13 total employees, serving over 2,000 miles of line in a remote area of Montana.

<sup>2</sup> The consultant's name is Jack Sterling. He is a man of impeccable integrity who has been instructed to get the services to the schools, regardless of which carrier or technology provides those services. Obviously, the FCC cannot issue rules that provide exceptions for particular individuals, but MITS wanted to at least put on the record the fact that there are honorable, unbiased individuals working in this area who are associated with providers simply because no one else has the resources to give the schools the assistance they need.

creating additional funding barriers for rural schools and libraries. MITS recommends that any proposed changes in program rules include rural exceptions that will allow small, rural telecommunications carriers to provide education, technical assistance, and carrier-neutral consulting assistance to schools and libraries located in rural service areas.

RESPECTFULLY SUBMITTED, this 12<sup>th</sup> day of April, 2004.

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