BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

IN THE MATTER OF	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
Establishing Just and Reasonable Rates for LECs	)	WC Docket No. 07-135
High-Cost Universal Service Support	)	WC Docket No. 05-337
Developing a Unified IC Regime	)	CC Docket No. 01-92
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
Lifeline and Linkup	)	WC Docket No. 03-109

NOTICE OF INQUIRY AND NOTICE OF PROPOSED RULEMAKING

Reply Comments of the Montana Public Service Commission

May 23, 2011

The Montana Public Service Commission (MPSC) has read with great interest many of the initial comments filed in this proceeding. A number of parties addressed concerns which the MPSC also shares. In particular the MPSC has grave concerns regarding the impact of the Notice of Proposed Rulemaking (NPRM) reforms on Montana's Rural Local Exchange Carriers (RLECs) and Competitive Eligible Telecommunications Carriers (CETCs). Therefore, the MPSC hereby submits reply comments in the above captioned matter.

SUMMARY

The MPSC is very concerned with the FCC proposals for high-cost Universal Service Fund (USF) and Intercarrier Compensation (ICC) reform. In 2010 high-cost USF support in the United States (U.S.) was approximately $4.8 billion.[1] Meanwhile, the National Association of State Utility Consumer Advocates (NASUCA) estimated 2003 ICC revenues at $9.6 billion,[2] while at a May 4, 2011 MPSC sponsored industry roundtable regarding USF and ICC reform, several participants stated they believed total U.S. ICC revenues are approximately $8 billion. Assuming the lower $8 billion figure is accurate, U.S. high-cost USF support and ICC revenues total approximately $13 billion annually.

The NPRM proposes, in the long term, to eliminate high-cost USF, transitioning those funds to the Connect America Fund (CAF)[3] and then capping the CAF fund at the current level of high-cost USF support of $4.8 billion. (It is not totally clear that the proposal is to cap the CAF at the existing level of high-cost USF support, or at the existing level of total USF support for all four USF programs.) Regarding ICC reform, the FCC's NPRM proposes, in the long run, to move either to a very low unified ICC rate of $.0007 per minute, or to a bill-and-keep regime.[4] The effect of either proposal would be effectively to eliminate ICC revenues in their entirety. The obvious concern for the MPSC is that, nationally, it appears telecommunications providers will be losing $13 billion in support, while the replacement fund, the CAF, will be capped at $4.8 billion, a net loss of $8.2 billion in support. The NPRM proposes that some current high-cost USF recipients could be eligible for CAF broadband funds, and that for high-cost carriers heavily dependent on ICC revenues, there may be a need for those companies also to draw from the

[1] FCC 2010 Monitoring Report, Table 3.14
[2] NASUCA Initial Comments, FCC 01-92, 2003, Page 12
[3] NPRM, Section VII
[4] NPRM, Section XII

CAF. The large scale and sudden loss of USF and ICC support, if effected, will have catastrophic financial impacts on Montana RLECs. [5]

In Montana, in 2010, high-cost USF support was approximately $86 million. The MPSC does not have information regarding total intercarrier compensation in Montana. However, the predominantly RLEC and rural-based CETC Montana Independent Telephone Systems (MITS) and the Montana Telephone Association (MTA) companies presented information at the MPSC's April 7, 2011 roundtable[6] that states the 2010 USC high cost support for the 15 MITS and MTA companies was almost $57 million or an average of $51.02 per month per line. In the same document, MITS and MTA presented additional information that intrastate access charges provided $18.52 per month per line and interstate access charges provided $37.45 per month per line. Total annual access charge revenues for the 15 MITS and MTA companies are, then, approximately $62 million. In total, high-cost USF support and ICC access charges contribute just over $119 million annually in revenues to the 15 MITS and MTA companies, or an average of $107 per month per access line. This represents 75% of the annual revenues for those companies. Looking at it another way, if high-cost USF support and ICC are eliminated, as proposed by the FCC, and if there is no replacement mechanism, the average MITS and MTA customer bill would need to increase by $107 per month to offset the loss of the USF and ICC support.

The National Broadband Plan (NBP) seeks to bring robust, affordable broadband to all Americans. Ironically, eliminating these important revenue sources, USF and ICC, would not only deprive Montanans in rural settings of receiving comparable telecom services in the future; the proposed rule would do great harm, to the point of devastating existing services and sunk investments. It is a tragic irony that the FCC, in the name of providing broadband, would preempt and devastate those wireline and wireless investments which have already been made to further broadband's spread throughout rural areas of the nation. In order to spur private investment in areas of the country where it is not economically viable to deploy and/or operate broadband networks, the NBP recommended, and the FCC proposes, fundamental modernization

[5] Rural Telephone Companies are defined in U.S.C. Title 47, Chapter 5, Section 153(37)

[6] Docket No. N2011.3.21. Presentation by Glenn Brown of McLean and Brown Consultants available at the MPSC website at the following link http://psc.mt.gov/Docs/ElectronicDocuments/pdfFiles/N2011-3-21_IN_20110407_O~1.pdf

of the USF and ICC systems. [7] Yet, the RLECS in Montana have already deployed broadband services to almost all of their customers.[8] In addition, with the assistance of debt financing from the Rural Utilities Service (RUS) and CoBank, the majority of the RLECS are deploying fiber to the home to deploy next-generation services and ultra high-speed broadband with up to 100Mbs download speeds. These networks are dependent on the existing USF and ICC regimes, which allow the RLECs to build and operate the systems, and meet their debt obligations. The debt obligations taken on by the Montana RLECs were based on specific, predictable, and sufficient USF and ICC support mechanisms. Without a workable replacement for these mechanisms, the very financial viability of the Montana RLECs is threatened. The MPSC concerns were echoed by Southern Montana Telephone Company in an April 29, 2011 letter to the MPSC as follows:

> Based on the expected impacts of the FCCs Notice of Proposed Rulemaking (NPRM) on Universal Service Fund USF and Intercarrier Compensation ICC reform, Southern Montana Telephone Company (SMTC) projects we will not meet RUS loan covenants and may not be able to service our RUS debt as soon as 2015. We project a local residential rate increase of approximately 540% to $102 per month will be necessary to replace expected lost revenues.[9]

The MPSC finds that the long-term proposals by the FCC to allow some RLECs to draw support from the CAF as a replacement for USF and ICC support are vague and indefinite. In addition, the MPSC finds it incomprehensible that the FCC can propose future funding levels for the CAF without examining and proposing reforms for the contributions to the CAF. The MPSC urges the FCC not to predetermine the size of the CAF without first looking at contribution reform to broaden the base of contributors. Realistically, broadening the base of contributors could lead to increasing the size of the proposed CAF.

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[7] NPRM Introduction, Paragraph 1.

[8] Northern Telephone Cooperative and Blackfoot Telephone Cooperative, for example, stated in comments to the MPSC for the MPSC July 27, 2010 roundtable on USF reform that that have deployed broadband services to 100% and 96% of their customers respectively.

[9] Attachment 1 is a copy of the Southern Montana Telephone Company April 29, 2011 letter to the MPSC.

Near Term ICC Reform

The MPSC agrees with the NPRM that the FCC should immediately adopt reforms regarding the NPRM Section XV issues of 1) how interconnected Voice over Internet Protocol (VoIP) service should be treated under ICC rules, 2) the reduction of "phantom traffic", and 3) ending access stimulation or (traffic pumping) abuses. The MPSC filed reply comments with the FCC on April 18, 2011 regarding these issues.

Longer Term ICC Reform

Regarding longer-term ICC reform, the MPSC supports the proposals of the Rural Associations.[10]

As a first step, at the direction of their state Commissions, RLECs, on an individual company basis, should lower intrastate switched access charge rates to interstate rates. (There are state commission jurisdictional issues regarding authority over intrastate access charges. For example, the MPSC does not, by statute, have authority over telephone cooperatives or their access intrastate rates. Such issues would need to be resolved.) RLECS would be allowed to recover the revenue loss from reducing their intrastate access rates through two methods. First, a rate benchmark of $25 would be set and RLECS lowering their intrastate access rates would increase their local rates to at least the benchmark, if their existing rates are less than the benchmark.[11] Second, a national recovery mechanism should be established within the USF/CAF fund. The Rural Associations estimate the size of that recovery fund would need to be approximately $215 million, assuming local rates were raised to the benchmark.[12] The Rural Associations advocate-" pause points." The MPSC agrees. The MPSC would propose unifying intrastate and interstate switched access rates at the interstate level over a 3-5 year period. Once the unification has taken place there should be a pause to evaluate the impact of the unification on both the RLECs and the USF/CAF before proceeding further to address unifying all access

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[10] National Exchange Carrier Association, National Telecommunications Cooperative Association, Organization for the Promotion and Advancement of Small Telecommunications Companies, Western Telecommunications Alliance, and 32 Concurring State Associations,
[11] This would include a weighted average basic local service rate, plus federal and state Subscriber Lines Charges (SLCs) and state USF contributions (if the state has a state USF which Montana does not, since its predominantly rural character means it likely would not have a large enough pool of urban users to buttress their country brothers through an intrastate USF program).
[12] Rural Association Initial April 18, 2011 Comments, Page 17.

charges rates and reciprocal compensation rates at a very low $.0007 per minute or going to bill-and-keep.

Near Term USF Reform

Again, the MPSC concurs with the recommendations of the Rural Associations and compliments them for offering a concrete plan to address the FCC's valid concerns. First, the Rural Associations propose to impose a limitation on the recovery of prospective RLEC capital expenditures based on an analysis of the RLEC book value of its study area's loop cost to determine the portion of a carrier's loop plant that has reached the end of its useful life and that should be eligible for replacement.[13] (This would be loop plant that has been fully depreciated.) The Rural Associations assert this would address the FCC concerns regarding the "race to the top."[14]

The second part of the Rural Association's proposal is to impose a cap on recovery of corporate operations expense by imposing on the Interstate Common Line Support (ICLS) and Local Switching Support (LSS) the same corporate operations expense limitation mechanism currently imposed on High Cost Loop Support (HCLS). This proposal is in contrast to the NPRM proposal to completely eliminate recovery of corporate operations expense.

The MPSC believes that in the near term, limitations on recovery of loop investment and corporate operations expense will allow the RLECs to maintain and operate their existing networks while capping growth in the high-cost USF support mechanisms devoted to RLEC support. This seems to be a reasonable approach until CAF mechanisms for disbursement of funds are developed and reforms to broaden the base of contributors are implemented and the size of the CAF is determined.

Longer Term USF Reform

In the longer term the FCC must recognize that a one-sized approach to funding from a CAF does not fit all providers. RLECs, both nationally and in Montana, are uniquely dependent on high-cost USF support. In Montana 36% of RLEC revenue is derived from high-cost USF

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[13] The prospective capital investment limitation methodology is described in detail in Appendix A to the Rural Association's April 18, 2011 initial comments in this NPRM – WC Docket No. 10-90

[14] Rural Associations Comments – Page 9

support.[15] The MPSC supports the proposals of the Rural Associations for long term reform as described in their April 18, 2011 comments to the FCC starting on Page 27[16]. In general the Rural Association's proposal is to implement an RLEC-specific CAF mechanism in the long term to address the unique funding requirements of the RLECs. The MPSC urges the FCC to give the proposal careful consideration.

<u>Competitive Eligible Telecommunications Carrier (CETC) Support Reform</u>

The MPSC also is concerned about the possible loss of CETC support in Montana. The MPSC has designated three wireless carriers as CETCs in Montana.[17] All three wireless CETCs, in order to be designated as CETCs, were ordered to build out their wireless networks such that 98% of the population in their study areas would have access to their wireless service. All three CETCs have either complied with the coverage provision or are in the process of doing so. The result has been wireless coverage for large, sparsely populated geographic areas of Montana that the major wireless carriers had no interest in serving for obvious economic reasons. Attachment 2 and Attachment 3 show Sagebrush Wireless coverage for their Nemont study area in northeast Montana and their Project study area in south central Montana. The Nemont study area contains the Fort Peck Indian Reservation while the Project study area contains the Crow Indian Reservation. There was virtually no wireless coverage in either study area prior to the CETC designation for Sagebrush Wireless. The MPSC notes that Sagebrush now provides coverage for 98% of the population in the Nemont study area and 72% of the population in the Project study area.

At the MPSC roundtable on May 4, 2011, Sagebrush indicated without the CETC support it would not be able to finish the Project study area buildout and would without doubt have to abandon part of its existing network. At the same roundtable, CellularOne and Mid-Rivers Communications representatives made predictions regarding the impact of the loss of CETC funds which were identical to Sagebrush's. In the NPRM the FCC stated, "Given the strong consumer demand for mobile services, ubiquitous mobile coverage must be a national

15 N2011.3.21, Glenn Brown April 7, 2011 Presentation to the April 7, 2011 MPSC roundtable, Slide 7
16 Rural Association Comments to the FCC, April 18, 2011, WC Docket 10-90, Page 27
17 CellularOne Wireless, Sagebrush Wireless, Mid-Rivers Wireless

priority."[18] The MPSC strongly agrees with that statement and believes that loss of CETC funding for the wireless CETCs in Montana would dramatically reduce wireless coverage in rural areas of Montana.

The MPSC also has concerns regarding the loss of CETC funding for wireline CETCs in Montana. The MPSC has designated three wireline CETCs in Montana.[19] These three wireline CETCs are now offering telecommunications service in ten existing CenturyLink (formerly Qwest Communications) exchanges in Montana with new modern networks offering a variety of advanced services including broadband.[20] Since 2002, Qwest has lost 71% of its customer base in those exchanges. Those customers have been lost to either the wireline CETCs or wireless substitution. There is absolutely no doubt that the vast majority of the wireline customers in those exchanges have migrated from the CenturyLink network to the more modern wireline CETC networks. In its Docket No. D2008.1.3, the MPSC granted an Alternative Form of Regulation (AFOR) to Qwest. In that order Qwest was required to deploy DSL broadband to its remaining 33 exchanges where broadband was not available. However, in six of those exchanges the MPSC waived the broadband requirement for Qwest because the three wireline CETCs had already deployed broadband. Thus, in six of the ten wireline CETC exchanges, the wireline CETC is not only the predominant provider of wireline phone service, it is also the only provider of DSL broadband service. A loss of CETC support would threaten the viability of the CETCs and their networks. This could lead to a drop in broadband subscribership in rural Montana, the exact opposite of the National Broadband Plan goals.

The NPRM proposes to eliminate the identical support rule.[21] The MPSC concurs with that proposal. The MPSC believes it was the identical support rule that led to the growth in CETC funding to the point where it was necessary to cap that support by state in 2008. CETC support should be based on the actual costs of the individual CETCs.

The NPRM also proposes, as an alternative, "Generally redirecting CETC support to the CAF to be distributed through such mechanisms over five years, but allowing individual mobile providers to demonstrate that some level of continuing support under the current high-cost program is necessary on a transitional basis, to achieve universal service goals in areas that

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18 FCC 11-13 NPRM, ¶241
19 Mid-rivers CETC, Three-Rivers CETC, Range CETC
20 Shelby, Conrad, Fairview, Sidney, Glendive, Terry, Wibaux, Forsyth,, Miles City, Lewistown
21 FCC 11-13 NPRM, ¶241

would otherwise be unserved by mobile voice and/or broadband service."[22] The MPSC generally agrees with the overall concept of this proposal, with one major exception. As pointed out above in these comments, the wireline CETCs in Montana are actually now playing the role of the ILEC in certain exchanges, including being the only provider of broadband services. These types of wireline CETCs should be granted the same rights as mobile providers to demonstrate that some level of continuing support is necessary. It should be the state commissions such as the MPSC that designate which CETCs are entitled to continuing funding. Only the state commissions have the local knowledge to make that type of decision.

The wireless and wireline CETCs in Montana are providing valuable service to rural Montana. It was with that hope that the MPSC designated those companies as CETCs in the first place. Reducing or eliminating funding for those CETCs will, without doubt, have serious negative consequences for Montana rural consumers.

Designation of ETCs for the CAF

The MPSC believes state commissions are the proper authority and are best suited to designate ETCs for the CAF. In any given study area or exchange state commissions should be able to designate one wireline ETC, and one wireless ETC, if circumstances dictate. In many areas of Montana both the local wireline provider and the wireless provider are ETCs. Limiting CAF recipients to only one per study area or exchange, regardless of the technology, would have a very detrimental impact on certain areas of rural Montana, and would violate the federal mandate of comparable service for urban and rural areas.[23]

Finally, in looking at the designation of a wireline ETC in any given study area or exchange, the MPSC believes it should have the ability to designate either the ILEC or an existing CETC. As described above, in certain Montana exchanges the CETC is now the predominant provider with the most modern network and may also be the only existing provider of broadband. In cases such as that the CETC should be the ETC, not the ILEC.

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[22] FCC 11-13 NPRM, ¶242
[23] 47 U.S.C. 254(b)(3)

ATTACHMENT 1

Service Date: April 29, 2011

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORETHE PUBLICSERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF THE Federal	)	REGULATORY DIVISION
Communications Commission Proposed	)	
Reforms of the High Cost Universal	)	DOCKET NO. N2011.3.21
Service Fund and Intercarrier Compensation	)	

SOUTHERN MONTANA TELEPHONE COMPANY
<u>SECOND ROUNDTABLE: COMMENTS REGARDING REMAINING NPRM SECTIONS</u>

Based on the expected impacts of the FCC5 Notice of Proposed Rulemaking (NPRM) on Universal Service Fund (USF) and Inter-carrier Compensation (ICC) reform, Southern Montana Telephone Company (SMTC) projects we will not meet RUS loan covenants and may not be able to service our RUS debt as soon as 2015. We project a local residential rate increase of approximately 540%, to $102 per month, will be necessary to replace expected lost revenues.

SMTC customers cannot afford $102 per month for dial-tone service. In joint comments filed by the rural associations[1] an alternative plan referred to as the "RLEC plan", proposes a less onerous approach. While there are some things in the RLEC plan that are worrisome, SMTC believes the RLEC plan is a reasonable approach that, taken in its entirety, accomplishes the FCC's goals without placing the entire burden squarely on the shoulders of our customers. Accordingly, SMTC asks that this Commission support the RLEC plan.

[1] The rural associations are made up of National Exchange Carrier Association, National Telecommunications Cooperative Association, Organization for the Promotion and Advancement of Small Telecommunications Companies, Western Telecommunications Alliance, and 33 concurring state associations including MTA and MITS.

Southern Montana Telephone Company is a RUS borrower serving approximately 950 voice and data customers across approximately 2,200 square miles in the Southwestern corner of Montana. In 2006 we embarked on a complete network upgrade. Originally designed as a fiber to the node architecture, in early 2009 we redesigned remaining exchanges as a Fiber-to-the-Home (FTTH) upgrade. The original fiber-to-the-node design was financed with an $11,235,000 note from RUS. In September 2010, additional funding of $5,544,000 was secured through RUS to finance the additional FTTH costs. SMTC also has debt outstanding from prior construction projects of approximately $885,000. In total, when our FTTH build-out is complete, SMTC will have nearly $15,000,000 in RUS debt. SMTC undertook these loans to provide our customers with advanced broadband capabilities for years to come, consistent with federal policy designed to encourage broadband deployment to all Americans, regardless of where they live.

SMTC believes some of the proposals put forth in the FCC's NPRM place SMTC at risk of not only violating its loan covenants but, indeed, places in question our ability to service debt obligations. Our cost consultants conservatively project that, by 2015, SMTC could be forced to give up approximately $1,200,000 in revenues. Ironically, we project our RUS debt service in 2015 will grow to $1,248,000 annually. SMTC believes if the FCC goes through with its proposed rule making as outlined in the NPRM, SMTC will risk default. Following is a summary of the proposals that cause the most concern and their impact on SMTC.

1. Beginning at paragraph 175 of the NPRM the FCC proposes phasing down High Cost Loop Support from 75/65 to 65/55. SMTC's cost consultants believe this proposal is a virtual certainty. Our consultants believe this will result in $155,000 in lost revenue as soon as 2012. This $155,000 is a conservative estimate, based on 2010 actual data. For a company like SMTC in the midst of a major network upgrade, the likelihood of this number being considerably higher than $155,000 is a near certainty. Based on internal projections we believe this proposal will cost SMTC $286,000 in 2013, $314,000 in 2014, and $327,000 in 2015.

2. The FCC proposes to eliminate Safety Net Additive (SNA) support at paragraph 185. SMTC is

currently receiving $4,787 in SNA support monthly or $57,000 annually. Because of our network upgrade, SNA would be significantly higher in outlying years. However, conservatively, at least $57,000 in annual revenues would be eliminated under this proposal. Our consultants believe this proposal will be part of the FCC's final order.

3. The FCC proposes, beginning at paragraph 208, to cap overall Universal Service support at $3,000 per line. Because of SMTC's truly high cost topography, with less than 1/2 of a customer per square mile, there is no doubt we will hit that cap; based on projections, we believe we will cap out in 2013 and it will cost SMTC at least $337,000 in support in 2015 and beyond. With eroding access lines, even if our costs stay the same, on a per access line basis we reach the cap even sooner and the impact becomes much greater. Our cost consultant believes it is highly likely this proposal will become part of the FCC's final order.

4. The NPRM proposes a reduction in the authorized rate of return with a clearly expressed desire to do away completely with rate of return. A drop in the authorized rate of return on interstate ratebase from the current 11.25% to 10.25% would result in lost revenues of $60,000; a decrease to 10% would eliminate $120,000 in revenues. These projected lost revenues are based on actual 2009 cost study data. Since that study was completed, SMTC has added an additional $625,000 in rate base, further exacerbating potential revenue erosion. Our cost consultant believes rate of return carriers will see a decrease in authorized rate of return as a result of the NPRM, perhaps taken in incremental steps. Moving to 10.25% in 1/4-point increments over four years, beginning in 2012 would result in lost revenues of $19,000 in 2012, $42,000 in 2013, $61,000 in 2014 and $79,000 in 2015.

5. Finally, the NPRM proposes to limit corporate operating expense recovery as part of the High Cost Loop Support, Local Switching Support, and Interstate Common Line Support mechanisms. Even if only 10% of corporate expenses are disallowed for these three mechanisms, SMTC stands to lose $111,000 annually. While our cost consultants believe this proposal is less likely to become part of the final order, without a sufficient

replacement mechanism, SMTC stands to lose significant recovery of these expenses requisite to operate a small rural telephone company.

Taking the most conservative estimates calculated by our cost consultants, SMTC stands to lose a least $2,759,000 in revenue between now and 2015. We have tried to be both realistic and conservative, but this is NOT a worst-case scenario. Assuming SMTC continues its build-out and continues to borrow RUS funds to do so, our projected RUS debt service in 2013 and beyond (for 22 years) is more than $1,245,000 annually. Below is a table of the impact of these proposals on SMTC's ability to service debt and earn a return,

	Debt Service	Lost Revenue	Return of Equity
2010 (actual)	$837,000	$0	9.62%
2011 (projected)	899,000	0	10.03%
2012 (projected)	1,172,000	342,000	6.33%
2013 (projected)	1,245,000	584,000	9.21%
2014 (projected)	1,245,000	847,000	7.19%
2015 (projected)	1,248,000	986,000	4.06%

As can be seen in the above table, SMTC stands to lose nearly 80% of the revenue necessary to service its debt by 2015. In addition SMTC would, at best, be able to return only 4% on the equity investment made by its owners to provide the quality of service, both dial tone and broadband, incumbent upon us as a rural carrier of last resort.

Without a specific, predictable, and sufficient mechanism to replace the projected $986,000 in lost 2015 revenue, SMTC would have to increase local rates by approximately $86 per month in order to sustain the cash flow necessary to maintain and operate our network. Such an exorbitant increase, approximately 540%, would put SMTC's local residential rate at an unsustainable $102 per month. These results cannot be reconciled with section 254 of the Communications Act of 1934 as amended which require, among other things "reasonable comparability" between urban and rural rates and services.

The above analysis ignores the so called reverse auction scheme favored by the FCC. In a reverse auction scenario SMTC would be in the untenable position of having to underbid competitors. At best, a reverse auction would reduce USF support necessary to finance existing, imbedded, and increasing costs and, at worst, USF support could be eliminated entirely. In 2009 SMTC's USF support was $1,508,000 or 82% of total revenue; in 2010 USF support grew to $1,783,000 or 87% of total revenues. In short, the
reverse auction scheme places well over 80% of SMTC's revenue at risk, effectively eliminating SMTCs viability as a going concern.

Respectfully submitted April 29, 2011.
SOUTHERN MONTANATELEPHONE COMPANY

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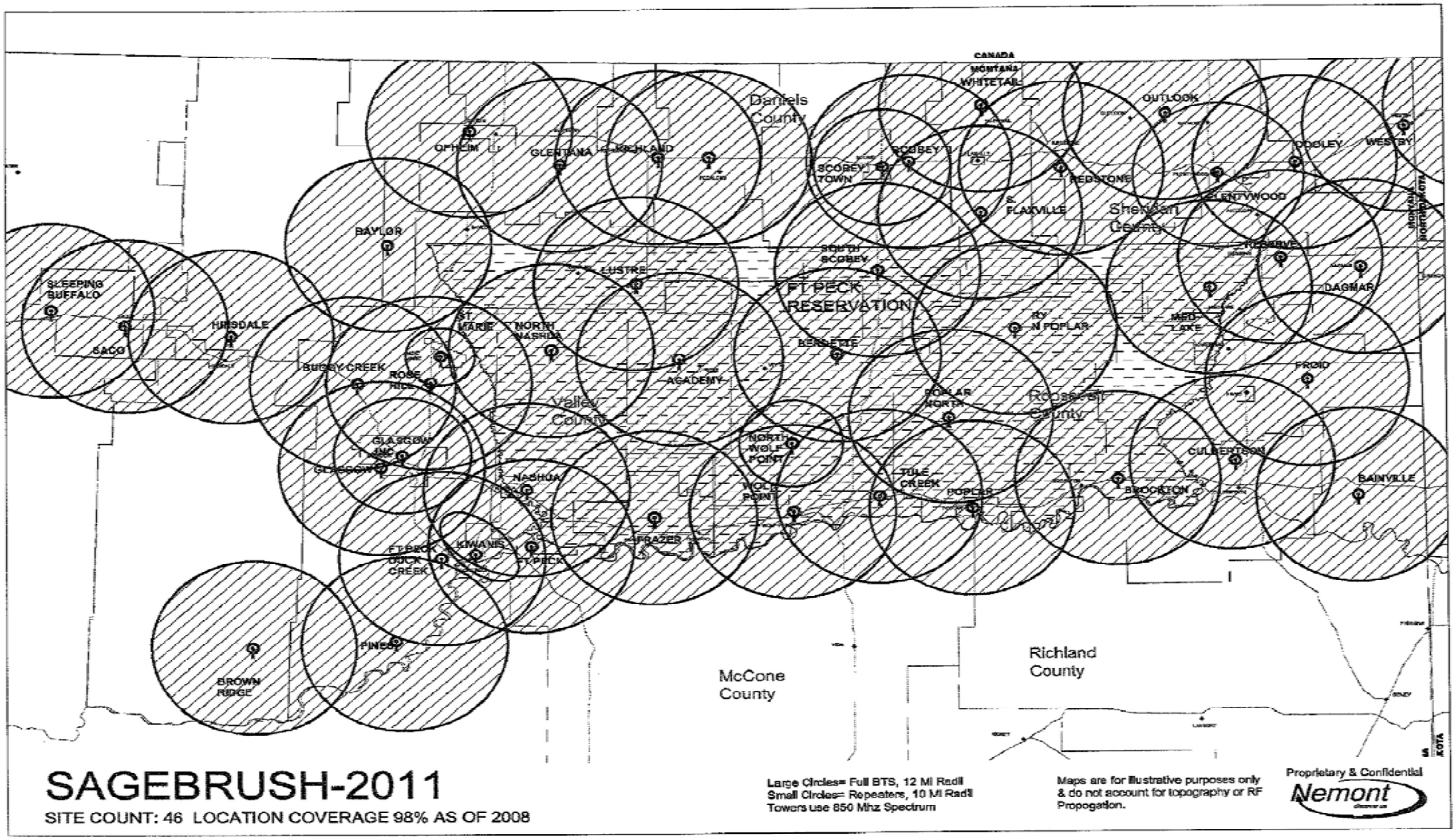
ATTACHMENT 2



ATTACHMENT 3