

**Montana Legislative Consumer Committee  
111 North Last Chance Gulch  
Helena, Montana 59620-1703**

Senator Terry Murphy, Chairman  
Senator Joe Tropicola

Representative Pat Noonan, Vice-Chairman  
Representative Tom Berry

September 23, 2010

The Honorable Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

RE: *In the Matter of* Connect America Fund (WC Docket No. 10-90); A National Broadband Plan for our Future (GN Docket No. 09-51); and High-Cost Universal Service (WC Docket No. 05-337)

Dear Chairman Genachowski:

The Montana State Legislature's Legislative Consumer Committee (LCC) respectfully submits comments regarding the Commission's proposed universal service reforms.

Our committee has heard testimony from representatives of rural telecommunications providers in Montana stating that the proposal under consideration by the FCC will reverse the progress made possible by the High-Cost Fund support they have been receiving. High-Cost Funds have been crucial in their ability to invest in networks that now deliver high quality advanced services, including broadband, to their customers in very sparsely populated areas of Montana. Diversion of those funds now to support development of broadband service would jeopardize the rural carriers' ability to continue to provide the supported services that are the very purpose of the Universal Service Fund. The proposed mandate to abandon rate-of-return funding, which has allowed successful investment in the rural carriers' networks, would also be a step backward. Use of the proposed proxy model instead of rate-of-return funding has been less successful, and in our view, would be harmful to Montana's small rural carriers, their employees, their customers and local economies.

Under federal law, all Americans shall have access to affordable telecommunications services, including advanced services, that are comparable to services in urban areas, and at rates that are comparable to those in urban areas. If High Cost Funds are diverted to support broadband, the current high quality services provided by our rural carriers could not be sustained

without enormous increases in customers' rates, adversely affecting comparable rates and comparable services.

Thank you for the opportunity to comments on these proposals.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Murphy". The signature is fluid and cursive, with a large initial "T" and a long, sweeping underline.

Senator Terry Murphy  
Chairman of the Montana Legislative Consumer Committee

Cc: Montana Legislative Consumer Committee  
Bonnie Lorang, MITS  
Geoff Feiss, MTA