

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
FRONTIER PETITION FOR)	WC Docket No. 08-18
LIMITED WAIVER RELIEF UPON)	
CONVERSION OF GLOBAL VALLEY)	
NETWORKS INC. TO PRICE CAP)	
REGULATION)	

**COMMENTS OF THE
INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE**

To the Commission:

The Independent Telephone and Telecommunications Alliance (ITTA) hereby submits comments on the Petition of Frontier for Limited Waiver Relief Upon Conversion of Global Valley Networks, Inc. to Price Cap Regulation (Petition). ITTA supports Frontier's request for relief that will enable the company to establish rational access charges and obtain meaningful Universal Service Fund (USF) support subsequent to the conversion of a newly-acquired rate-of-return company to price-cap regulation.

ITTA is an alliance of mid-sized local exchange carriers (LECs). ITTA members collectively provide local exchange and exchange access services to more than 25 million lines in 44 states. ITTA members also offer interexchange (IXC) services, commercial mobile radio services (CMRS), and information services, both as incumbent LECs (ILECs) and competitive LECs (CLECs).

Citizens Communications Company, the parent of Frontier and Citizens local exchange carriers (collectively, Frontier) recently acquired Global Valley Networks, Inc. (Global Valley).¹ Since Frontier owns several price-cap carriers, Global Valley is required pursuant to Section 61.41(b)(2) of the Commission's rules to convert to price cap regulation within one year.²

Conversion of Global Valley to price-cap regulation implicates the need for waiver of certain Commission rules, since there does not exist a defined methodology for rate-of-return conversion to price-cap in a post-CALLS³ environment. The CALLS proceeding established the existing regulatory framework for price-cap carriers, premised, in part, upon a negotiated industry agreement that included price-cap carrier access reductions of approximately \$2.1 billion and a target interstate access support (IAS) fund of \$650 million.⁴ The Commission concluded tentatively that entry to the CALLS plan, which "began as a voluntarily negotiated agreement among price-cap carriers and certain IXCs" was "not designed to be open to new carriers or study areas."

¹ See "Domestic Section 214 Authorization Granted: Domestic Section 214 Application Filed for the Transfer of Control of GVN Services d/b/a Global Valley Long Distance, and Global Valley Networks, Inc., from Country Road Communications, LLC to Citizens Communications Company," Public Notice DA 07-3866 (Sep. 7, 2007).

² 47 CFR 61.41(b)(2).

³ *Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers; Low-Volume Long Distance Users; Federal-State Joint Board on Universal Service: Sixth Report and Order in CC Dockets No. 96-262 and 94_I, Report and Order in CC Docket No. 94-249, Eleventh Report and Order in CC Docket No. 96-45, FCC 00-193, 15 FCC Rcd 12962, (2000) (CALLS Order), affirmed in part, reversed in part, and remanded in part by Texas Office of Public Utility Counsel v. FCC, 265 F.3d 313 (5th Cir. 2001), on remand, Order on Remand, FCC 03-164, 18 FCC Rcd 14976 (2003).*

⁴ The CALLS plan was crafted to last five years, but the Commission recently directed that it will remain effective until it is replaced. See *Special Access Rates for Price Cap Local Exchange Carriers; AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services: Order and Notice of Proposed Rulemaking*, WC Docket No. 05-25, RM-10593, FCC 05-18, 20 FCC Rcd 1994, at para. 2 (2005).

The Commission emphasized this point when it stated, “[t]hat CALLS was not intended to accommodate additional entry is most clearly indicated by the fact that in adopting the plan, the Commission made no provision for how the universal service component of the CALLS plan would address future expansion to new carriers.”⁵ Absent is direction as to how a carrier elects price-cap regulation in a post-CALLS environment. ITTA has described this quandary in other proceedings;⁶ in the instant matter, the need for Commission attention arises out of a regulatory void that does not address fully price-cap carrier acquisition of rate-of-return companies.

Frontier bridges the gap by recommending a course of action that relies on waiver of certain Commission rules. As described in the Petition, the waivers would not have an adverse affect on the USF. The waivers would enable Global Valley to establish rational access rates⁷ and to continue to receive access replacement USF support.⁸ Absent these waivers, Global Valley would face a steep decline in access revenues, and a total loss of access replacement USF.

⁵ *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers; Federal-State Joint Board on Universal Service: Report and Order and Second Further Notice of Proposed Rulemaking*, CC Docket Nos. 00-256, 96-45, FCC 04-31,19 FCC Rcd 4122, at para. 93 (internal citations omitted) (2004) (*MAG Order*).

⁶ *See, generally, Windstream Petition for Conversion to Price-Cap Regulation and Limited Waiver Relief: Comments of Independent Telephone & Telecommunications Alliance*, WC Docket No. 07-171 (filed Sep. 24, 2007); *Petition of Puerto Rico Telephone Company, Inc. for Election of Price Cap Regulation and for Limited Waiver of Pricing and Universal Service Rules: Comments of Independent Telephone & Telecommunications Alliance*, WC Docket 07-292 (filed Jan. 21, 2008); *Consolidated Communications Petition for Conversion Price-Cap Regulation and for Limited Waiver Relief: Comments of Independent Telephone & Telecommunications Alliance*, WC Docket No. 07-291 (filed Feb. 4, 2008).

⁷ 47 CFR 61.3(qq)(2) (Petition at 13-16).

⁸ 47 CFR 54.901 and 54.903 (Petition at 20, 21); and, 47 CFR 54.801-806 (Petition at 21, 22).

ITTA supports Frontier's Petition for relief. The relief is necessary to ensure that neither consumers nor carriers are affected adversely when the Commission's rules are not equipped to provide carriers with sufficient support following ordinary transactions. Without the relief requested, Global Valley risks loss of USF support upon which its network and subscribers rely. As the Commission undertakes efforts to modify USF, it must ensure that successful aspects of the current mechanisms continue. The abrupt cessation of adequate support to Global Valley that would occur absent the waivers described in the Petition would wreak an adverse effect on the company and its customers. Moreover, the lack of relief in the instant proceeding would likely chill future transactions involving similar types of carriers. Regulatory standards that do not account for transactions and other market developments reflect a "one-size-fits all" approach that is not viable in a dynamic marketplace.⁹

⁹ Although Frontier seeks waivers as it consolidates its operations under a single regulatory structure, ITTA generally supports elimination of the "all-or-nothing" rule (*see, i.e., Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers; Federal-State Joint Board on Universal Service; Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation: Reply Comments of the Independent Telephone and Telecommunications Alliance*, CC Docket Nos. 00-256, 96-45, 98-77 (filed Mar. 18, 2002)); moreover, ITTA supports an option of price-cap election on a study-area basis. ITTA's positions are not in conflict with the relief sought by Frontier. Rather, ITTA takes this opportunity to note the need to accord carriers maximum flexibility.

ITTA members have frequently met the need to upgrade aging and neglected facilities and introduce new and innovative service offerings. Opportunities to do so can arise through the acquisition of other companies. Regulatory flexibility in these types of instances enables a carrier to ensure that the needs of consumers and the network are met. In the instant matter, the Commission should grant expeditiously the relief requested in order to ensure the viability of Global Valley.

Respectfully submitted,

s/Joshua Seidemann

Joshua Seidemann

Vice President, Regulatory Affairs

Independent Telephone & Telecommunications Alliance

975 F Street, NW, Suite 550

Washington, DC 20004

202-552-5846

www.itta.us

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