



NORTH DAKOTA ASSOCIATION OF
TELECOMMUNICATIONS COOPERATIVES

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June 8, 2012

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PUBLIC SERVICE COMMISSION

Mr. Darrell Nitschke
Executive Director
North Dakota Public Service Commission
600 East Boulevard Avenue
Bismarck, ND 58505

Re: Proposed interconnection agreement between Midcontinent Communications and Missouri Valley, Inc.; ND PSC Case No. PU-11-697

Dear Mr. Nitschke:

The North Dakota Association of Telephone Cooperatives is concerned about the interconnection between Missouri Valley Communications and Midcontinent Communications in the Williston exchange area, because of its effect on universal service. Missouri Valley is one of the members of NDATC, all of whom have a long record of providing telecommunications service under area coverage principles and including essential telecommunications services.

Interconnection obligations under the Telecommunications Act have subjected rural telephone companies in North Dakota to selective competition by companies such as Midcontinent, companies that engage in "cherry picking," to offer their services in select areas and leaving to the rural companies the economic burden of providing essential services in high cost to serve areas.

No more stark example exists than the situation in the Williston exchange area, comprising 393 square miles including some of the most sparsely populated areas of the entire state. Midcontinent wants to provide telecommunications service in competition with Missouri Valley in the City of Williston, an area of 7 square miles with several thousand consumers, leaving Missouri Valley the burden and responsibility to serve the few consumers in 386 square mile area of the Williston exchange that Midcontinent is unwilling to serve. Under the pending interconnection agreement, Missouri Valley remains obligated to serve consumers in the high cost to serve area, with its resources to provide that service depleted by Midcontinent's cherry picking revenues in the City of Williston. All of North Dakota is like the 7/393 Williston exchange area. Many thousands of people in a few population centers and not many people in most of the state, people who need communications services comparable to

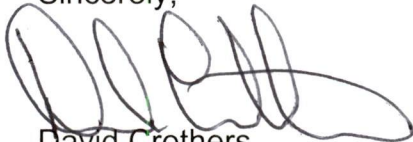
services available in the larger cities.

The Commission is no doubt aware of the dramatic changes in universal service funding and inter-carrier compensation recently announced by the Federal Communications Commission. These changes will be implemented over time and will have a serious impact on the economics of telecommunications service and costs to consumers in North Dakota's rural service areas. All the rural telephone companies in North Dakota will continue to face challenges in providing modern telecommunications services under the new rules, rules that are plainly not designed to assure modern telecommunications service will be available in high cost to serve areas.

In an exchange area such as Williston, the citizens and business people in the City have a community of interest with farmers and ranchers and small town people in the surrounding area. The telephone service charges paid by the urban customers ordinarily underwrite some of the costs of service in the surrounding area, until cherry picking happens. This is one of the bedrock methods of universal service support. The Association is not making doomsday predictions, but we are concerned that high cost to serve areas might become too high to serve under a regulatory regime that does not facilitate rural telecommunications companies following such long standing universal service practices.

The Association urges the Commission to reject the proposed interconnection agreement in this case as inconsistent with fundamental universal service principles.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Crothers', with a stylized, cursive flourish extending to the right.

David Crothers
Executive Vice President

DC:cs