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American Dial Tone

September 14, 2009

Re Docket No. 09-00096
Docket to Study Merits of
Rural Affordability Fund

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TN REGULATORY AUTHORITY
UTILITIES DIVISION

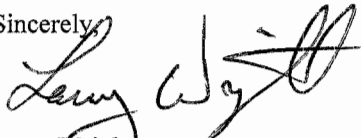
Ms. Darlene Standley
Chief – Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Dear Ms. Standley:

We are hereby submitting our responses to your September 4th 2009 request for comments concerning the proposed TRAF legislation.

We thank you for the opportunity to contribute. Please let us know if we can be of further assistance.

Sincerely,



Larry Wright
Vice President
American Dial Tone

LW/hr

1. Not applicable
2. The primary objective of TRAF is to promote affordable telephone and broadband service in conjunction with the provision of comparable services in both urban and rural areas. This in itself might prove a difficult task as the definitions used to classify rural areas become more problematic in light of increasing urbanization. There can be minimal objection to equitable provisioning of communication facilities throughout a state but the question then arises as to whether or not the that objective is being realized under the current system as implemented. It would be interesting to ascertain if a study has been done to determine the efficacy with which the needs of rural consumers are currently being met. It would also be enlightening to discover the motivational forces and interests behind this particular TRAF legislative study. Until the need for the implementation of the fund can be more completely justified it seems more prudent to delay further legislative action.
3. As noted above it would be helpful to know the concerns about the current methods of financing which led to the TRAF proposal. It might then be possible to more adequately appraise the need for the fund. The following questions might come under consideration:
 - a. Is the current system inadequate, broken, out of date, inefficient or too costly?
 - b. Does it encourage or discourage competition?
 - c. Are rural carriers benefited from the present distribution of funds to the extent that it promotes inefficiency?
 - d. How will the proposed fee increases result in more affordable services for the targeted public? Depending upon the final outcome in fee assessment the consumer could be facing substantial increases.
 - e. What will be the financial impact on businesses operating in Tennessee? The increase in regulation, statistical reporting, software modifications to accommodate rate changes, other required software expenditures, additional personnel is sure to add to an already increasing burden on businesses.
4. Comparable to what degree? Certainly not all water, electricity. Cable or telephone rates are the same in all areas. Consideration must be given to the cost basis for the provisioning of these services.
5. Yes, an equitable plan needs to be developed, fair to all LEC's.
6. Broadband is a significant part of communications today. Incentives need to be offered those deploying these facilities and making the required investment.
7. No.
8. Yes, this is fair and equitable.
9. No, any plan which encompasses the entire state needs to be fair to all parties. A flat discount rate should be funded and the various companies permitted to compete in the marketplace.
10. Service funds should be remitted by the LEC's based on flat assessed fees on all lines regardless of location. These should then be available to LEC's providing services in the rural areas, compensating those LEC's for their efforts in said areas.
11. Criteria need to be established providing support on a per line basis in rural areas. These would be Zone 3 lines outside of urban areas.
12. It is not companies that should provide the funds for TRAF. They collect it but ultimately these funds need to be supplied by the residents of the state on a per active telephone line basis.
13. Statewide source of revenue, distributed to provide increased service availability in those rural areas of the state, providing an incentive for increasing marketing efforts and ultimately making

service more affordable in areas where it is prohibitively expensive today.

14. These funds are earmarked for rural access lines. Only rural lines on Zone 3 should be receiving compensation.