



RECEIVED
2009 SEP 23 PM 4:17
SEP 23 2009
T.R.A. DOCKET ROOM
IN REGULATORY AUTHORITY
UTILITIES DIVISION

September 14, 2009

Ms. Darlene Standley
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

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

Ms. Standley,

This correspondence is intended as the response of American Fiber Network, Inc. on the above referenced docket.

1. **Please discuss in detail the financial impact of reducing your company's access rates to the interstate level as proposed in the legislation.**

We currently do not have any access billing in Tennessee. So, this would not affect our current revenue.

2. **Please discuss the merits of the TRAF as proposed and any changes/modifications that you believe would be necessary in establishing this fund.**

This seems like we operating under the assumption that everyone is entitled to Internet service or access. There are other options for rural customers without having to "tax" other users to pay for the infrastructure availability to rural areas. In turn, these rural ILECs and coops deem themselves entitled as well. Why should we all, meaning the telecom industry and the citizens of areas that are not rural in nature subsidize those providers business models.

3. **What should be the determining factors and criteria in determining whether to establish a TRAF?**

Does the service make sense from a business standpoint? If it does, someone will build it.

4. **Please discuss whether prices and service offerings should be comparable between all rural and urban areas, and how this determination should be made?**

I think I answered this in 2 and 3 previously, and that the market should determine prices and service offerings.

5. **Should the earnings of incumbent local exchange companies (ILECs) operating under rate-of-return regulation be examined prior to receiving TRAF funds?**

Absolutely!

6. **Should the TRAF target funds for expanding a recipient company's broadband deployment?**

If there is to be a TRAF, then by definition the funds should be targeted for expanding broadband in rural areas.

7. **Should the TRAF be expanded to replace other sources of implicit funding used to support universal service?**

Seems to me, if there has to be one of these funds, then let's get it to one fund only for all of this. Call it whatever you want.

8. **Should TRAF disbursements be portable to Eligible Telecommunications Carriers (ETCs) for customers they serve in these rural areas?**

These seem like two distinct things, so no it should not.

9. **Should the TRA establish a state-wide local residential benchmark rate for universal service and determine necessary universal funding based upon the benchmark, i.e., a company could draw money out of a universal fund if its rates are below the benchmark?**

I don't know that I'm qualified to answer this, however, the cost of providing service is not universal per location, so that does not seem quite fair.

10. **Please provide your thoughts/suggestions on whether there should be a phase out or reduction in the amount of TRAF funding once carriers elect Market Regulation.**

You might surmise from my answers that I believe Market Regulation should be the only determinant on this matter.

11. **What factors and procedures should be considered in determining the per line support amount for rural carriers?**

The obvious factors would be number of buyers, revenue per customer (on the TRAF funded facilities), operating costs, and marketing costs. The per line support should be equal to a proportionate amount of these same factors compared to urban operations. If there is to be a TRAF amount funded, it should be the differences between those two perspectives.

12. **Which companies should contribute to the TRAF, and state why or why not?**

From my previous answers, I would have to offer that no companies should contribute to this and that rural Internet service should be a market driven activity. However, if there is to be a TRAF, then all companies with Internet or voice customers (that means the cable companies too!).

13. **What method should be used to determine the TRAF contribution per company?**

Probably a percentage of revenue generated from Internet and voice service would be the easiest and fairest method of calculation of such a fee.

14. **If intrastate access rates are reduced in Tennessee, should language be incorporated into the proposed legislation to ensure that companies subscribing to intrastate access do not receive windfall profits, but rather return the access savings to their customers?**

Yes.

If you require any additional information, please advise.

Sincerely,



Robert E. Heath
EVP