

- (5) Louisiana Public Service Commission.
- (6) Michigan Public Service Commission Staff.
- (7) Missouri Public Service Commission.
- (8) Nebraska Public Service Commission.
- (9) New England Conference of Public Utilities Commissioners, Inc.
- (10) New York State Department of Public Service.
- (11) Ohio Public Utilities Commission.
- (12) Pennsylvania Public Utility Commission.
- (13) Texas Public Utility Commission.
- (14) Virginia State Corporation Commission.
- (15) Wisconsin Public Service Commission.
- (16) Wyoming Public Service Commission.
- (17) National Association of Regulatory Utility Commissioners.
- (18) GTE Service Corporation.
- (19) Joint comments from 15 RUS Telephone Borrowers and 2 consulting engineering companies located in South Carolina.
- (20) TDS Telecom.
- (21) Unicom.
- (22) United and Central Telephone Companies.
- (23) National Emergency Number Association.
- (24) Joint comments from the National Rural Telecom Association and the Western Rural Telephone Association.
- (25) Nebraska Telephone Association.
- (26) North Dakota Association of Telephone Cooperatives.
- (27) National Telephone Cooperative Association.
- (28) New York State Telephone Association, Inc.
- (29) Joint comments from the Oklahoma Rural Telephone Coalition, Rural Arkansas Telephone Systems, and Texas Statewide Telephone Cooperative, Inc.
- (30) Organization for the Protection and Advancement of Small Telephone Companies.
- (31) Oregon Independent Telephone Association.
- (32) United States Telephone Association.
- (33) Bell Atlantic Telephone Companies.
- (34) Southwestern Bell Telephone Company.
- (35) U.S. West Communications, Inc.
- (36) MCI Telecommunications Corporation.
- (37) Kadrmas, Lee & Jackson, P.C.
- (38) GVNW Inc/Management.
- (39) Reed Veach Wurdeman and Associates.

1. Comment Summary. Many commenters argued that the Modernization Plan requirements in the proposed rule go beyond a reasonable reading of RELRA. More specifically, they said that RELRA requires "objectives", but the proposed rule translates those into requirements, and sets deadlines for accomplishment of those requirements that are insensitive to market forces, technological development, and State regulatory authority.

Response. RUS believes that a Modernization Plan without service improvement requirements, and timeframes for achievement, would be ineffective in accomplishing the modernization of rural telecommunications infrastructure that RELRA clearly intends. RELRA makes the Modernization Plan a condition to eligibility for certain financing programs administered by RUS. An ineffective Modernization Plan would undermine this direction of financing resources under RELRA.

In response to the substance of these comments, RUS has recast its requirements and timeframes. The long-term requirements have been changed to goals, and some requirements have been reduced. From the comments received, RUS believes that these changes will mitigate the concerns about marketability of required technologies. RUS again invites States to exercise their authority by taking advantage of the one year period of eligibility to prepare a Modernization Plan.

2. Comment Summary. One commenter noted that if no Modernization Plan is developed for a State, thereby excluding the State from some RUS program benefits, service rates would probably increase in the State. Others expressed concern that investments made to comply with Modernization Plan requirements would affect other Telecommunications Providers through the universal service fund and other toll settlement plans.

Response. The Telecommunications Providers covered by Modernization Plans are interconnected with other telecommunications carriers in many ways, and they are certainly interconnected economically. Borrowers and PUC's can make various decisions that can jeopardize RUS funding of projects, and these may affect service rates for subscribers and toll pool distributions. RELRA requires that no loans except guaranteed loans be made in a State without a Modernization Plan.

3. Comment Summary. Many commenters suggested that the language in § 1751.106(a)(5) is not consistent with the language in § 1751.106(f) of the

proposed rule. Some commenters preferred the language in the response to comments to the language presented in the proposed rule.

Response. The language in § 1751.106(a)(5) was a restatement of the provision in RELRA. Paragraph (g), (paragraph (f) in the proposed rule) of the subsection is RUS's effort to clarify the term "uniform deployment schedules" and is intended to allow Plan Developers some latitude in the timing of deployment of advanced services. § 1751.106(a) has been rewritten to clarify that it is a restatement of RELRA so as to eliminate any appearance of a conflict with paragraph (g).

4. Comment Summary. Many commenters wonder what guidelines RUS will use to determine whether something is "technically or economically feasible", under § 1751.103(b) of the proposed rule.

Response. Technical feasibility means the equipment is available to do the job. Economic feasibility means the job can be done at a reasonable cost. Every telecommunications loan processed by RUS is studied for technical and economic feasibility. Technical feasibility of the loan is determined by telecommunications engineers with knowledge of current technology and facility costs. Economic feasibility is determined by the loan feasibility study which is a comprehensive consideration of projected revenues and expenses for the particular Borrower. The results of RUS's studies are submitted to the Borrower for concurrence before a loan is approved.

5. Comment Summary. One commenter pointed out that the extension process discussed in § 1751.106(b) may require Borrowers to request extensions from groups of other Borrowers who might have competitive interests. This could happen if the Plan Developer is a Borrower group.

Response. This has been rewritten to give this authority to RUS in those cases where the Plan Developer is the majority of RUS Borrowers.

6. Comment Summary. Many commenters opposed the requirement in § 1751.106(g)(2)(ii) for eliminating inductive loading of copper loops. Some commenters argued that § 1751.106(g)(2)(ii) is contradictory to § 1751.103(b) in the proposed rule.

Response. The requirement in § 1751.106(g)(2)(ii) has been deleted.

7. Comment Summary. Some commenters expressed concern about the exception process mentioned in § 1751.106(g)(2)(i) in the proposed rule for those who do not want the elimination of party line service.