



MILLER NASH LLP
ATTORNEYS AT LAW

PORTLAND, OREGON
SEATTLE, WASHINGTON
VANCOUVER, WASHINGTON
CENTRAL OREGON
WWW.MILLERNASH.COM

Brooks E. Harlow, P.C.
brooks.harlow@millernash.com
(206) 777-7406 direct line

August 29, 2007

VIA FEDERAL EXPRESS

Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol St NE, #215
P.O. Box 2148
Salem, OR 97308-2148

Subject: Docket No. UM 1310, 2007 Annual Recertification Report of RCC
Minnesota, Inc. ("RCC") – Amended Section 7

Dear Filing Center:

Enclosed for filing in the above-referenced docket is RCC's amended Section 7 to the 2007 Annual Recertification Report. The documents enclosed and appropriate treatment (confidential or non-confidential) are as follows:

Description	Treatment
Report, Section 7.1	Non-confidential
Report, Section 7.2	Confidential
Report, Section 7.4 answers to questions 1 & 2	Confidential
Report, Section 7.4 revised spreadsheet	Confidential

The non-confidential documents listed above were filed electronically in this docket on August 29, 2007. An original and two copies of the documents that do not require confidential treatment are enclosed. An original and two copies of confidential are printed on yellow paper, separately bound, and included in a sealed envelope bearing the legend "CONFIDENTIAL" and filed herewith. Pursuant to OAR



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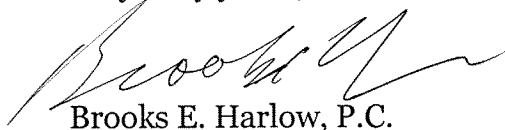
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860-011-0080 the information designated as "CONFIDENTIAL" is exempt from public disclosure under the public records law, ORS 192.410 to 192.505. Specifically, as required by OAR 860-011-0080(2), the legal bases for the claim of confidentiality include, without limitation: the documents include trade secrets as defined by ORS 192.501(2), the documents include records or information that would reveal or otherwise identify security measures, or weaknesses or potential weaknesses and security measures related to communication or telecommunications systems under ORS 192.501(23), the documents include information disclosure of which is prohibited by federal law or regulations, and the documents contain information about programs related to the security of telecommunications systems, including cellular and wireless systems as exempted from disclosure by ORS 192.502(32).

If you have any questions, please feel free to call me.

Very truly yours,



Brooks E. Harlow, P.C.

cc w/enc: Ms. Kay Marinos
Mr. Steve Otto
Ms. Beth Kohler
Mr. Steve Chernoff

Report #7 – Network plan – overall

1. RCC has not provided an updated coverage map or a map indicating where the cell sites built or proposed for 2006-2008 are located. Please provide such maps. The maps need not be large-size, but should be clear and easy to read if on letter or legal size paper.

Map has been provided.

The calculation of network operating costs assigned for USF support are in need of review and discussion. RCC's calculations for each year do not take into account that most new cell sites are not constructed and operational for the entire year of the plan. The operating costs associated with each new cell site built in a particular year should be pro-rated to reflect when the site goes into service. That said, because RCC has not taken the entire amount of its calculated operating expenses against USF support in any year from 2006-2008, the refinement of such costs will not likely impact the proposed support estimates in this year's plan. However, as such costs will accumulate and grow larger as time passes, and given the possible changes in funding to CETCs in the near future, further discussions regarding operating cost treatment are warranted. Staff proposes a review of this methodology before the year's end.

RCC included a full year of operating costs for cell sites to be constructed in a year rather than pro-rate because a great deal of the operating costs are fully incurred even before a cell site is completed, such as tower or ground leases, electricity, fixed facility costs, site planning costs, etc. Thus, RCC did not feel that pro-rating operating costs would make a material difference in the overall report. However, RCC is willing to work with Staff prior to year end to review methodologies for operating cost treatment.

Report #7.2 – Network improvement plan for 2006

Please explain how the support funds for the project labeled "New Cell Site – Steen's Mt." were used. What was the project originally planned for this site supposed to entail? Why are the start and completion dates listed as 3Q05-3Q05 when this form is supposed to cover 2006 actual expenditures? Were USF support funds used to establish this site in any prior years?

REDACTED

Report #7.3 – Plan for 2007

Although RCC has made slight modifications to the final plan submitted last October for 2007, the proposed variances in spending appear reasonable. Staff appreciates RCC's adherence to the plan that was agreed upon last fall.

Report #7.4 – Plan for 2008

1)

REDACTED

REDACTED

2.

REDACTED

REDACTED

3. The instructions for the plan direct CETCs to prioritize proposed support projects to reflect the possibility that the FCC will cap funds to CETCs and potentially reduce the amount of funding available. Staff assumes that RCC's listing of projects for 2008 do not reflect such prioritization. Therefore, please identify specific projects as "priority" projects. The sum of the support amounts associated with the priority projects should equal one-half of the 2008 expected total funds. Priority projects should be selected based on how well they meet the USF program objectives, as well as the likelihood that they will be completed during 2008. If the FCC implements changes that will significantly impact 2008 funding, Staff may initiate a subsequent review of all plans for 2008 after such changes are adopted.

Generally, RCCs first priority would be to continue to operate the rural sites that are already part of our existing network. If there is support still available, RCC would look to complete projects needed to maintain its existing network in accordance with industry operating standards and regulatory requirements such as hardware and software upgrades to its switching components, switch and network capacity upgrades through SCCs and channel adds and battery, generator, and cell site building upgrades to maintain a reliable network.

RCC cannot provide an honest or meaningful response to the Commission's request to split plan expenses in half on a line item basis. Any attempt to do so would be pure speculation. Realistically, RCC's budgeting process does not react so quickly to changes in revenue or support that we could project any significant changes in our construction or operating expenses for 2008 based on a cap imposed later this year. Moreover, even if we speculated that extraordinary changes might be made after RCC adopted its 2008 budget, depending on the timing of USF funding restrictions, these priorities may change as RCC would have already incurred costs for the various phases of the construction process for the new sites listed. Thus, while it is possible that RCC could be forced to react to a significant reduction in support in 2008, more likely than not the impact would not become significant until 2009.