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January 31, 2007

**VIA ELECTRONIC MAIL & EXPRESS MAIL**

Public Utility Commission of Oregon  
Attention: Filing Center  
550 Capitol Street N.E., Suite 215  
Post Office Box 2148  
Salem, Oregon 97308-2148

Subject: Docket No. UM 1280  
RCC and USCC Joint Responses to Embarq's Request to Withdraw

Dear Filing Center:

Rural Cellular Corporation ("RCC") and United States Cellular Corporation ("USCC") jointly respond to the request to withdraw by United Telephone Company of the Northwest, d/b/a Embarq ("Embarq"). Although RCC and USCC do not oppose the withdrawal, they do disagree with Embarq's stated reason, which is that "Embarq receives federal interstate access support [("IAS")], not traditional high cost universal service support." Arguments that IAS is not "high cost" support--though oft repeated by ILECs--are simply wrong. IAS support programs represent universal service support that has been moved from the "implicit" (i.e., hidden within carrier access charges) to the "explicit" (i.e., out in the open in a universal service fund). As such, it is a high cost subsidy, as this Commission recognized in UM 1217. In that docket, Qwest and Verizon argued that they should not be subject to the same annual reporting requirements as other ETCs because they only received IAS and ICLS. The Commission rejected the argument that IAS and ICLS should be considered any different than other high cost support. Order 06-292 at 17 (June 14, 2006).

RCC and USCC do not object to Embarq's withdrawal, provided that the Commission does not reverse its prior holding in UM 1217 that IAS is high cost support. Additionally, at this early stage of the proceeding, no party should be bound to Embarq's statement that "it will not be subject to any disaggregation plan adopted in this proceeding." Although staff has not proposed any further disaggregation of IAS, other parties' disaggregation

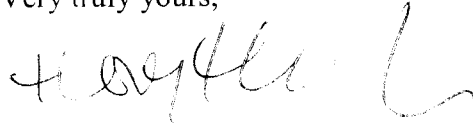
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proposals are not yet due. If they choose, RCC, USCC, and other parties should be free to propose plans that impact Embarq notwithstanding its withdrawal.

Very truly yours,



Hong N. Huynh

cc: Parties of Record  
Mr. Allan Arlow, ALJ