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December 31, 1997.

Cass County indicates that the need for an extension of time is the result of its notification on December 6, 1996, that the federal Universal Service Fund (USF) support, which was to provide the capital requirements for modernization, would be severely reduced, primarily because of the FCC delay noted earlier. Since learning of the reduction in amount and delay in receiving anticipated federal USF funds, Cass County filed a request with the FCC for waiver of 47 C.F.R. §§ 36.612(a) or 36.631(d) to enable it to obtain the federal USF funding needed to complete its modernization. The Commission supported Cass County in its efforts at the FCC by filing comments in support of the Company's pleadings. Cass County has also met with members of the FCC staff on three separate occasions, and has enlisted the support of its State Representative and its U.S. Senators. However, the FCC had not acted on Cass County's request as of the date it filed its Motion for Extension of Time to Complete Modernization Plan with the Commission. In addition to the waiver request filed with the FCC, Cass County has made additional capital infusions in excess of \$2,108,000.

Cass County states that it will not be able to complete the upgrade of its facilities according to the previous timetable. This will result in approximately 500 customers remaining as four-party customers, and in a delay in its equal access schedule. Cass County attached to its motion a revised modernization schedule which it believes can be met regardless of whether or not it obtains the FCC waiver. Subsequently, on October 17, Cass County filed another revised modernization schedule intended as a substitute for the schedule filed with its motion, in order to change some incorrect dates. Although Cass County hopes that it may be able to accelerate certain elements of its modernization plan in the event that it receives the requested FCC waiver, it is nevertheless requesting that the

Commission grant it until December 31, 1998 to complete its modernization.

On October 17 the Staff of the Commission (Staff) filed a response to Cass County's motion. Staff supports Cass County's motion for an extension of time to complete its modernization from December 31, 1997 to December 31, 1998. Staff explains that the federal USF support Cass County expected to receive was both delayed and severely reduced in amount. The company obtained additional capital in excess of \$2,108,000 from sources other than the federal USF fund, and also filed for a waiver with the FCC of 47 C.F.R. Sections 36.612(a) or 36.631(d) so that it could receive the USF funding needed for modernization. Staff also notes that the Commission filed comments in support of Cass County's application for an FCC waiver, and suggests that by filing supporting comments, the Commission recognized that Cass County's receipt of these funds was crucial to a timely completion of its modernization plan. Staff indicates that as a result of the inadequate funding to complete its modernization plan, 500 of Cass County's customers will remain four-party customers instead of being switched to one-party service, and the company must delay equal access implementation to maximize capital expenditures.

Staff states that the revised modernization plan submitted by Cass County on October 17 sets forth a new timetable for modernization, which assumes that federal USF funding will not be forthcoming. Staff submits that elimination of the assumption of federal USF support is a wise course of action, since Cass County has yet to receive a decision from the FCC about its waiver request. Staff also notes that, with one exception, Cass County will still meet or exceed the modernization schedule originally approved for GTE, even with the requested extension of time. The one exception is interLATA equal access for the exchanges of Cleveland and

Drexal, which will not take place until August of 1998. GTE's modernization plan scheduled those exchanges for interLATA equal access in 1997, but Cass County plans to postpone the interLATA equal access balloting process in order to schedule it at the same time as intraLATA equal access balloting, assuming the Commission orders intraLATA equal access balloting when it makes its decision in the Primary Toll Carrier (PTC) case in Case No. TO-97-217.

The Commission has reviewed the various pleadings, and finds that Cass County has demonstrated good cause for an extension of time in which to complete its modernization plan. Although the Commission will grant the extension of time to December 31, 1998, as requested, the Commission directs Cass County to make all reasonable efforts to complete the upgrades earlier if possible. While the Commission understands that Cass County's revised modernization schedule assumes that it is unable to obtain the requested FCC waiver, the Commission will nevertheless require that Cass County file with the Commission monthly updates on its progress in obtaining the requested FCC waiver. The Commission will also direct Cass County to continue filing the quarterly updates required by the stipulation in Case No. TM-95-163. In addition, Cass County should continue to keep Staff apprised of progress on its modernization plan on a regular basis.

### **IT IS THEREFORE ORDERED:**

1. That Cass County Telephone Company is granted an extension of time to complete its network modernization plan from December 31, 1997, to December 31, 1998.

2. That the revised network modernization plan filed by Cass County Telephone Company on October 17, 1997 is approved, and Cass County Telephone Company will be expected to comply with the dates contained in

the revised plan.

3. That Cass County Telephone Company is directed to file with the Commission monthly updates on its progress in securing a waiver of 47 C.F.R. §§ 36.612(a) or 36.631(d) from the Federal Communications Commission.

4. That Cass County Telephone Company is directed to continue filing quarterly updates of its progress with the Commission as required by the stipulation and agreement in Case No. TM-95-163, and to continue keeping the Staff of the Commission informed of its progress on a regular basis.

5. That this order shall become effective on December 19, 1997.

**BY THE COMMISSION**

A handwritten signature in cursive script that reads "Dale Hardy Roberts".

**Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge**

(S E A L)

Lumpe, Ch., Crumpton,  
Murray, and Drainer,  
CC., Concur.

Bensavage, Regulatory Law Judge