

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of

**Hood Canal Telephone Company d/b/a
Hood Canal Communications**

and

Qwest Corporation d/b/a CenturyLink

Joint Petition for Waiver of the definition of
“Study Area” of the Appendix-Glossary of
Part 36 of the Commission’s Rules

CC Docket No. 96-45

To: Chief, Wireline Competition Bureau

JOINT PETITION FOR EXPEDITED WAIVER

Pursuant to Section 1.3 of the Federal Communication Commission’s (“FCC” or “Commission”) Rules,¹ Hood Canal Telephone Company d/b/a Hood Canal Communications (“HCC”) and Qwest Corporation d/b/a CenturyLink (“CenturyLink”) (together, “Petitioners”), by and through their counsel, request a waiver of the definition of “study area” contained in the Appendix-Glossary of Part 36 of the Commission’s Rules.

¹ 47 C.F.R. § 1.3.

Petitioners request this waiver to reflect the service offered by HCC east of the town of Union, Washington area located in rural Washington. This area was originally within CenturyLink's Washington study area and Petitioners request that the territory be removed from CenturyLink's study area in Washington and recognized as part of HCC's Washington study area. Exhibit 1, attached hereto, identifies the area to be served by HCC. Petitioners request that this Petition be reviewed and approved as expeditiously as possible pursuant to the rules for study area waivers.²

INTRODUCTION

CenturyLink is an incumbent local exchange carrier (ILEC) serving in Washington. Together with its affiliates, CenturyLink is the largest ILEC operating in Washington. CenturyLink's study area is referred to by the Universal Service Administrative Company ("USAC") as study area code 525161. CenturyLink will continue to provide local telephone service within the other Washington areas it serves and will retain its study area for those exchanges.

HCC is a rural telephone company providing service within one exchange in the state of Washington which is the Union exchange involved in this Joint Petition. It has a study area which is referred to by USAC as study area code 522419. As of the most

² See, e.g., *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform - Mobility Fund*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011)(*USF/ICC Transformation Order*) at ¶ 216 and following.

recently available information, HCC has 782 working loops in its service area in the state of Washington.³ HCC is classified as a rural telephone company and is an eligible telecommunications carrier under the Communications Act of 1934 as amended by the Telecommunications Act of 1996 (the “Act”). HCC receives federal Universal Service Fund (“USF”) support as a “cost company,” not a “price cap company.”

Under the Transformation Order, the Commission established new standards for evaluating petitions for study area waivers. Those standards are (1) the state Commission having regulatory authority over the transferred exchanges does not object to the transfer and (2) the transfer must be in the public interest.⁴ The new standards further define the evaluation of the public interest of a proposed study area waiver as including: (1) the number of lines at issue (2) the projected Universal Service Fund cost per line; and (3) whether such grant would result in consolidation of study areas that facilitates reduction in costs by taking advantage of the economies of scale. The Commission stressed that these guidelines were only guidelines and not rigid measures for evaluating a petition for study area waiver.⁵

WAIVER OF THE FROZEN STUDY AREA DEFINITION IS WARRANTED

Petitioners seek a waiver of the frozen study area definition. Part 36 of the Commission’s Rules “freezes” the definition of “study area” to the boundaries that were in existence on November 15, 1984. Although the rule was adopted to prevent a carrier

³ USAC Report HC05 Second Quarter 2019.

⁴ See, USF/ICC Transformation Order at ¶ 265.

⁵ Ibid

from segregating territories artificially to maximize high-cost support,⁶ the Commission as recognized that changes “that result from the purchase or sale of exchanges in arms-length transactions” do not necessarily raise the concerns which prompted the freeze.⁷

The Commission has recognized that failure to waive the rule in the case of the sale of exchanges would produce an absurd result, forcing the seller to continue to include exchanges in its study area for which it has no costs, and preventing the buyer from including in its study area exchanges it actually serves.⁸ Such a result would not serve the Commission’s policy objective of ensuring that carriers’ actual costs are reflected in their accounting so that they can accurately set just, reasonable, and non-discriminatory rates. In this case, the area to be transferred is transferred without compensation to CenturyLink.

A. Granting the Waiver Is in the Public Interest.

In the area that is being transferred there are no customers currently served by CenturyLink. There are two customers in the area. Those customers are currently served by HCC. CenturyLink does not have facilities in the area.

As stated in the USF/ICC Transformation Order, one element of determining whether a matter is in the public interest is the number of lines at issue and the projected universal service fund cost per line. CenturyLink does not provide any lines to this area.

⁶ See, *MTS and WATS Market Structure, Amendment of Part 67 of the Rules and Establishment of a Joint Board*, Recommended Decision & Order, 57 RR 2d 267, ¶ 65 (1984).

⁷ See, e.g., *Alltel Corporation Petition for Waiver of Section 36.125(f), Sections 36.154(e)(1) and (2), and the Definition of “Study Area” contained in Part 36, Appendix-Glossary of the Commission’s Rules*, Memorandum Opinion and Order, 5 FCC Rcd 7505, ¶ 7 (Com. Car. Bur. 1990).

⁸ *Amendment to Part 36 to the Commission’s rules and Establishment of a Joint Board*, Notice of Proposed Rulemaking, 5 FCC Rcd 5974, 5975-76 (1990) (“*Part 36 NPRM*”).

When the study area waiver is granted, HCC will receive high-cost loop support at a rate of \$149.41 per line.⁹ Since the two customers are currently served by HCC, it is not anticipated that any significant additional high-cost loop support will be generated. Given the restrictions on the high-cost fund, there will be very little impact on overall support mechanism levels.

The primary driver behind this change is to be able to provide voice and broadband service to the two customers. CenturyLink is not able to provide either voice or broadband service to the locations. As a result, the transfer is entirely consistent with the direction of the Commission as contained in both the USF/ICC Transformation Order and the Commission broadband initiatives under the National Broadband Plan.¹⁰

No facilities are to be transferred from CenturyLink to HCC. HCC has built or is building facilities to provide service to the area.

B. The WUTC Supports the Transfer of Territory.

The Washington Utilities and Transportation Commission ("WUTC") supports the service area inclusion for HCC by finding that it is in the public interest for HCC to serve the area. Both companies filed amendments to their respective exchange maps to remove the area from the CenturyLink service area and include the area in HCC's service area. The WUTC has allowed these changes to occur.

CONCLUSION

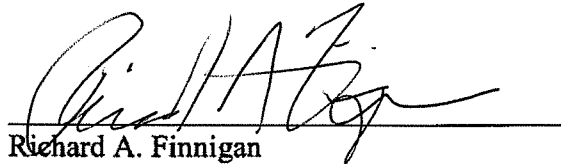
The study area waiver and modification sought herein is a necessary step in order to fulfill the policies for universal service. The immediate request is directly analogous to comparable requests routinely granted by the Commission. Therefore, good cause

⁹ Based on USAC Report HC01 for Fourth Quarter 2018.

¹⁰ *Connecting America: The National Broadband Plan*, FCC (March, 2010)

having been shown, Petitioners respectfully request that this Joint Petition be granted on an expedited basis.

DATED this 22nd day of April, 2019.



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