

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 14-259
Rural Broadband Experiment)	
)	WC Docket No. 10-90
Petition for Waiver of)	
Requirement to File Three Years)	
of Audited Financial Statements)	

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*Federal Communications Commission
Office of the Secretary*

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PETITION FOR WAIVER

Computer 5, Inc. d/b/a LocalTel Communications ("LocalTel") hereby petitions the Commission, pursuant to Section 1.3 of the Commission's rules,¹ for waiver of the requirement that bidders who wish to remain in consideration for support under the Rural Broadband Experiment provide three years of audited financial statements during the post selection review process, as recently detailed in the Wireline Competition Bureau's December 18th Public Notice.²

Audited financial statements have not been necessary for LocalTel's operation of its successful business of providing competitive broadband and voice services to consumers in small rural markets of Central and Eastern Washington state. Securing audited financial statements at this time would be unnecessarily costly and time-consuming. For that reason, the company requests that the Commission waive the obligation to submit audited versions of its financial statements.

Grant of the company's waiver request is consistent with the public interest and the Commission's objectives in this proceeding because it will enable LocalTel to continue to remain in

¹47 C.F.R. § 1.3.

² Wireline Competition Bureau Announces Deadline For Bidders Interested In Remaining Under Consideration For Rural Broadband Experiments Support To File Additional Information, Public Notice, DA 14-1839 (Dec. 18, 2014).

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consideration for rural broadband experiments and receive funding necessary to expand access to voice and broadband services in rural, high-cost areas of Washington.

LocalTel is a privately held corporation that has served small communities in Eastern Washington for over thirty years. The company has five owner/shareholders. The strength of the company's annual balance sheet has enabled the company to attract external capital from non-traditional financing entities (i.e., other than traditional banks) when needed – including individuals and independent investors. These non-traditional sources of capital have not required the company to provide audited financials.

LocalTel's strong financial position, which includes an end-of-2013 current ratio of 2.23 to 1, a debt-to-equity ratio of 0.378, and strong cash reserves, has demonstrated the company's financial strength and viability and negated the need to provide audited financial statements to any entity outside the company's ownership group. There has simply been no compelling reason to undergo expensive audits over the preceding three years. By avoiding the need to secure audited financials and operating the company as a closely-held concern, LocalTel is able to keep operating costs low and pass on cost savings to our customers. LocalTel's accountants have estimated that that providing audited financials would cost, at a minimum, \$50,000, or more (given that inventory and payables were not reconciled and observed during that period).

In lieu of audited financial statements the company has submitted annual financial statements, which have satisfied previous regulatory requirements, including those imposed by the Washington Utilities and Transportation Commission Annual Report and the FCC Form 499 processes. In addition, LocalTel has submitted balance sheets, income statements and in-house cash flow statements for the time period requested, i.e. financial statements generated by in-house accounting staff after entry of CPA-supplied year-end adjustments. Further, if selected as a winning bidder, LocalTel will begin

auditing its financials in 2014, and will continue to do so for the ten year support period of the Rural Broadband Experiment.

Grant of this waiver is in the public interest because LocalTel stands ready to deliver voice and broadband services to unserved areas in Washington that will otherwise not have access to the advanced services enjoyed by residents of urban areas. If selected, LocalTel will utilize the rural broadband experiment funding it receives to provision its broadband and voice services to additional consumers and anchor institutions in unserved, rural communities in the State of Washington. Doing so will benefit the residents of rural Washington by supporting a company that is experienced with providing rural broadband service in Washington. At the same time, it will directly advance the Commission's goal of facilitating the deployment of voice and broadband-capable networks in rural, high-cost areas to ensure that rural Americans benefit from the historic technology transitions that are transforming our nation's communications services.

Accordingly, in light of the company's strong financial position, its ability to submit alternative financial documentation, and the circumstances set forth above, LocalTel respectfully requests that the Commission waive the requirement to submit audited financials.

Respectfully submitted,

/s/ K.C. Halm

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