

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

In the Matters of

Connect America Fund

ETC Annual Reports and Certifications

WC Docket No. 10-90

WC Docket No. 14-58

PETITION FOR WAIVER

Lake Region Electric Cooperative, Inc., a member of the National Rural Utilities Cooperative Finance Corporation (“CFC”), hereby petitions the Commission, pursuant to 47 C.F.R. § 1.3, for a waiver of the bank eligibility requirements for rural broadband experiments¹ to permit it to submit an irrevocable stand-by letter of credit (“LOC”) issued by CFC, despite the fact that CFC is not insured by either the Federal Deposit Insurance Corporation (“FDIC”) or the Farm Credit System Insurance Corporation (“FCSIC”).

As set forth in the joint petition for waiver filed by CFC and RTFC on January 21, 2015,² grant of a waiver of the formal—but not functional—LOC requirements established in the *RBE Order* would better serve the Commission’s objectives of ensuring that technology transitions

¹ *Connect America Fund, ETC Annual Reports and Certifications*, Report and Order and Further Notice of Proposed Rulemaking, WC Dockets No. 10-90 & 14-58, FCC 14-98, ¶¶ 59-60 (rel. July 14, 2014) (“*RBE Order*”).

² Petition for Waiver of CFC and RTFC, WC Docket Nos. 10-90 & 14-58 (Jan. 21, 2014) (“CFC-RTFC Petition”).

benefit rural Americans, ensuring accountability for winning bidders, and allowing flexibility in satisfying the core LOC requirement.³

The Commission may waive its rules for good cause.⁴ In particular, the Commission “may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.”⁵ In considering a waiver request, the Commission may consider issues of hardship, equity, or “more effective implementation of overall policy.”⁶ The Commission may grant a waiver where both application of the rule would be contrary to the public interest and special circumstances warrant a deviation from the rule.⁷

The unique role of CFC and RTFC as key lenders for rural electric utilities and telecommunications companies and their access to capital through the Department of the Treasury’s Federal Financing Bank (“FFB”), a revolving credit commitment from the Federal Agricultural Mortgage Corporation (“Farmer Mac”), and multiyear committed revolving credit facilities from significant private banks, as well as CFC’s strong internal controls, strict adherence to all relevant laws and regulations, and best practices in corporate governance, provide the financial stability and liquidity to fund its obligations under LOCs issued pursuant to the program. These are precisely the kind of special circumstances that warrant grant of a waiver.

³ *Id.* ¶¶ 1, 55-57, 60.

⁴ 47 C.F.R. § 1.3.

⁵ *Connect America Fund*, Report and Order, FCC 14-190, WC Docket Nos. 10-90, 14-58 & 14-192, at ¶ 138 n.306 (Dec. 18, 2014) (*citing* *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990)); *see also* *WAIT Radio*, 418 F.2d at 1157.

⁶ *WAIT Radio*, 418 F.2d at 1159.

⁷ *Northeast Cellular*, 897 F.2d at 1166.

Moreover, CFC is the primary credit resource for Lake Region Electric Cooperative, Inc. (LREC); should the Commission reject this petition, LREC may not be able to bid for a grant under the rural broadband experiments because it does not have a banking relationship with a Commission-approved bank/because its primary banking relationships are with regional banks that are not large enough to meet the Commission's bank eligibility requirements. Without grant of this waiver, LREC will be excluded from access to participation in the experiments.

For the reasons stated above, as well as those set forth in the CFC-RTFC Petition, LREC respectfully requests that the Commission grant it a timely waiver of the bank eligibility requirements set forth in the *RBE Order* to permit it to submit an LOC from CFC in support of its application to participate in the rural broadband experiments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Hamid Vahdatipour". The signature is written in a cursive, flowing style.

Hamid Vahdatipour
Chief Executive Officer
Lake Region Electric Cooperative, Inc.

March 24, 2015