



Brian Benison
Director
Federal Regulatory

AT&T Services, Inc.
1120 20th Street, NW
Suite 1000
Washington, DC 20036

T: 202.457.3065
F: 202.457.3070

August 27, 2015

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: **Sandwich Isles Communications, Inc., Petition for Declaratory Ruling
(WC Docket No. 09-133)**

Dear Ms. Dortch:

On August 25, 2015, Keith Krom, Matthew Nodine and I of AT&T Services, Inc.(AT&T), and Christopher Shenk of Sidley & Austin, LLP on behalf of AT&T met with Deena Shetler, Pamela Arluk, Doug Slotten and Thomas Parisi of the Wireline Competition Bureau and Doug Klein and Sarah Stone of the Office of General Counsel.

In the meeting, we urged the Commission to finally grant AT&T's long pending application for review¹ on its own merits and in light of more recent developments. The portion of the 2010 *Declaratory Ruling* that actually applied the established used and useful standard concluded that none of the Paniolo cable lease costs met that standard. Instead, the *Declaratory Ruling* relied on "equitable" considerations to allow Sandwich Isles to recover 50% of those lease payments. As AT&T demonstrated in its Application for Review, however, those equitable conclusions were based on incorrect facts and were otherwise misguided. And recent events only confirm that any equitable considerations cut sharply against allowing Sandwich Isles' to recover any portion of the Paniolo cable lease costs. It is now clear that Sandwich Isles is not even paying those lease amounts, and recent federal and third-party investigations show that the owner of Sandwich Isles has engaged in patently improper conduct.²

AT&T also noted that a search of the USAC website shows the Commission ceased universal service payments to Sandwich Isles as of June of this year.³ Whether this move is related to the accounting irregularities noted in the NECA petition or other press reports⁴ regarding the legal

¹ *Sandwich Isles Communications, Inc. Petition for Declaratory Ruling*, Declaratory Ruling, WC Docket No. 09-133 (Sept. 29, 2010) ("*Declaratory Ruling*"). AT&T's Application for Review of that decision, which was filed on October 29, 2010, remains pending. Application for Review, *Sandwich Isles Communications, Inc. Petition for Declaratory Ruling*, Declaratory Ruling, WC Docket No. 09-133 (Oct. 29, 2010).

² Petition for Clarification and/or Declaratory Ruling, WC Docket 09-133 (February 6, 2015) at 5.

³ <http://www.usac.org/hc/tools/disbursements/results.aspx>

⁴ <http://www.pressreader.com/search?newspapers=7064&query=sandwich%20isles&stop=2015-08-19&start=2015-08-19>

Marlene H. Dortch
August 27, 2015
Page 2

troubles of the Sandwich Isles management, it is imperative that the Commission address both the access and the USF aspects of Sandwich Isles funding if it believes there is a problem.

Finally, AT&T noted that the Commission should grant relief to ratepayers from the Sandwich Isles over-recovery when it grants AT&T's application for review, and the Commission should grant the relief requested in NECA's petition to the extent necessary to fully redress that over-recovery.

If you have any questions or need additional information, please do not hesitate to contact me. Pursuant to section 1.1206 of the Commission's rules, this letter is being filed electronically with the Commission.

Sincerely,

/s/ Brian J. Benison

cc: Deena Shetler
Pamela Arluk
Doug Slotten
Thomas Parisi
Doug Klein
Sarah Stone