

Telcos, regulators raise concerns about Hawaiian Telcom waiver
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A request by Hawaiian Telcom, Inc., (HT) for a five-year waiver of the FCC's rules regarding high-cost universal service support is receiving some sympathy from those who believe the system is broken but lacks the full embrace of the industry due to the carrier's status as the state's incumbent provider.

HT wants to be allowed to receive high-cost model support by averaging its line costs on a wire center-by-wire center basis, instead of a statewide basis. The carrier is also requesting a one-time waiver of rules to allow it to receive high-cost model support immediately upon grant of its petition. But comments filed this week with the Commission as part of Wireline Competition docket 08-4 raise questions about the petition.

Verizon Communications, Inc., for instance, notes that HT has "not demonstrated sufficient special circumstances to justify a waiver" and states that if it was granted one "such a waiver would fundamentally alter the way in which non-rural high cost support is determined." The Bell carrier said that the Commission's reasons for requiring statewide averaging of non-rural carrier costs are solid.

"The federal high-cost support mechanism was not, and should not be, designed to do all things for all non-rural carriers and telecommunications consumers," it said. "To the extent there are inequitable disparities in the cost of serving different non-rural carrier wire centers within Hawaii, that is a matter for the Hawaii Public Utilities Commission, not the FCC."

A joint filing from regulators in Vermont, Maine, South Dakota, Nebraska, and West Virginia agreed. While they said they are sympathetic to HT concerns regarding the high cost of upgrading facilities to approve broadband to remote areas, they "do not agree that the Commission should resolve Hawaii's high cost of broadband deployment by waiving the statewide averaging rule. That rule promotes important public policy goals -- it targets support to states that most need it, and prevents the [Universal Service Fund] from becoming massive in size."

The Western Telecommunications Alliance and the Organization for the Promotion and Advancement of Small Telecommunications Companies also recognized the challenges faced by HT. But the groups said the FCC "needs to carefully consider the impacts upon Universal Service Fund size and growth of permitting non-rural carriers like HT to calculate their USF costs and support on a

wire center basis." They recommended the Commission weigh the issue in a more comprehensive manner as part of its ongoing rulemaking looking at high-cost USF support.

Puerto Rico Telephone Company, Inc., (PRT) said HT needs to get on line if it wants to get support. "Regardless of whether HT has satisfied the requirements for obtaining the waivers it seeks, the Commission should not grant the requested high-cost universal service support to Hawaii until after the Commission has established an interim non-insular support mechanism for which Puerto Rico and PRT have been waiting for more than a decade," it said.

Other carriers in Hawaii also raised concerns about HT receiving high-cost support. The Sandwich Isles Communications, Inc., for instance, said it is not necessarily against the petition. However, it added that any waiver from the FCC "must be so construed that any increase in universal service support to Hawaiian Telcom does not reduce the support available to rural telephone companies."

And Pacific Lighten, Inc., a competitive carrier in the state, said any break given to HT should be given to all providers in Hawaii. "The Commission should ensure that any relief provided to Hawaiian Telcom, the non-rural incumbent local exchange carrier, applies equally to any eligible telecommunications carrier serving lines in the applicable HT service areas," it said.

The most supportive filing probably came from Embarq Corp., who said it understood HT's situation because it is similar to one it faces in many areas it serves. It said it backed its proposal to have support calculated on a wire center by wire center basis. "This increased granularity is precisely the same approach to universal service reform that Embarq has been advocating for over the past many months," it said. "By calculating support at a more granular level the Commission could ensure that the support produced by the federal mechanism would be truly sufficient, specific, and predictable, which existing support is not cannot be in a competitive marketplace."

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