

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554



DA 12-401

March 13, 2012

Albert S.N. Hee  
President  
Sandwich Isles Communications, Inc.  
1003 Bishop Street, 27<sup>th</sup> Floor  
Honolulu, Hawaii 96813

***Re: Sandwich Isles Communications, Inc., Petition for Waiver of Section 54.302 of the Commission's Rules, WC Docket No. 10-90 and WT Docket No. 10-208***

Dear Mr. Hee:

On December 30, 2011, Sandwich Isles Communications, Inc. (Sandwich Isles) filed a petition for waiver of section 54.302 of the Commission's rules, which establishes a total limit on high-cost universal service support of \$250 per line per month, beginning July 1, 2012.<sup>1</sup>

Based on our review of the information already provided, as well as the record received in response to the petition,<sup>2</sup> the Bureau now requests the additional information specified in the attached Appendix.<sup>3</sup>

This additional information is required to complete the Bureau's analysis of whether there is good cause to grant the requested waiver. Sandwich Isles' initial filing provided certain financial information at a highly aggregated level. The attached Appendix directs Sandwich Isles to detail and clarify certain information in order to determine whether Sandwich Isles needs "additional support in order for its customers to continue to receive voice service in areas where there is no terrestrial alternative."<sup>4</sup> For example, we seek additional details on capital leases, payments to affiliates, payables to affiliates and related parties, plant specific expense, network operations expense, and non-regulated income. In addition, the initial filing showed that certain

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<sup>1</sup> Sandwich Isles Communications, Inc. Petition for Waiver of Section 54.302 of the Commission's Rules, WC Docket No. 10-90 and WT Docket No. 10-208 (filed Dec. 30, 2011); *see also Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, paras. 274-279 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*); 47 C.F.R. § 54.302.

<sup>2</sup> Comments of Hawaiian Telcom, Inc., WC Docket No. 10-90 and WT Docket No. 10-208 (filed Feb. 9, 2012); Comments of US Telecom, WC Docket No. 10-90 and WT Docket No. 10-208 (filed Feb. 9, 2012).

<sup>3</sup> *See USF/ICC Transformation Order*, paras. 539-543 (petitioners seeking waivers shall provide any additional information requested by Commission staff).

<sup>4</sup> *USF/ICC Transformation Order*, paras. 540.

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expenses have grown, and are expected to grow considerably year over year. The attached Appendix requests an explanation of past and expected growth to determine whether such growth should be viewed as reasonable. The Bureau also requires additional information on employee compensation. These requests are necessary for the Bureau to determine whether these expenses are reasonable.

If Sandwich Isles requires that any information or documents responsive to this letter be treated in a confidential manner, it may file the information in accordance with the Bureau's *Protective Order* in this proceeding.<sup>5</sup>

We appreciate your willingness to work with the Bureau to help us understand and evaluate both the initial waiver request and the forthcoming supplemental information. In the meantime, we have stopped the 45-day review period until we have the additional information required to evaluate the waiver request.<sup>6</sup> We believe this is necessary to allow sufficient time not only for the Bureau to evaluate this new information, but also for third parties to have an opportunity to provide feedback to the Bureau on the submission.

As such, the clock has stopped effective today, March 13, 2012. The Bureau will restart the clock once the new evidence has been provided to us in a format and with sufficient explanation and back-up information to enable us, and third parties entitled to have access to the information, to adequately evaluate it.

If you have any questions please call Gary Seigel at (202) 418-0879.

Sincerely,



Sharon E. Gillett  
Chief, Wireline Competition Bureau  
Federal Communications Commission

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<sup>5</sup> *Connect America Fund et al.*, WC Docket No. 10-90 et al., Protective Order, 25 FCC Rcd 13160 (Wireline Comp. Bur. 2010).

<sup>6</sup> The Order "direct[s] the Bureaus to prioritize review of any applications for waiver filed by providers serving Tribal lands and insular areas, and to complete their review of petitions from providers serving Tribal lands and insular areas within 45 days of the record closing on such waiver petitions." *USF/ICC Transformation Order*, para. 544.

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**Appendix**

**REDACTED**