Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
ETC Annual Reports and Certifications	)	WC Docket No. 14-58
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92

PETITION FOR RECONSIDERATION OF SILVER STAR TELEPHONE COMPANY, INC.

Silver Star Telephone Company, Inc. ("Silver Star")[1], by its attorneys and pursuant to Section 1.429 of the Federal Communications Commission's ("FCC" or "Commission") Rules and Regulations, hereby seeks reconsideration of the Report and Order in the above-captioned proceeding.[2] Specifically, Silver Star seeks reconsideration of the Commission's decision to make no changes to the rural growth factor or the application of the high cost loop support ("HCLS") cap. As discussed below, the Order failed to address the record evidence of the harm to carriers and the public caused by the continually declining HCLS cap, and contained material errors of fact.

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[1] Silver Star Telephone Company, Inc. is a rural rate-of-return local exchange carrier, located in western Wyoming.

[2] *In the Matter of Connect America Fund; ETC Annual Reports and Certifications; Establishing Just and Reasonable Rates for Local Exchange Carriers; Developing a Unified Intercarrier Compensation Regime,* Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration, WC Docket No. 10-90, WC Docket No. 14-58, WC Docket No. 07-135, CC Docket No. 01-92 (rel. Dec. 13, 2018) ("Order").

In its Order, the Commission declined to make any changes to the rural growth factor or the application of the HCLS cap. In so doing, the Commission failed to address the record evidence of the harm to carriers and the public caused by the continually declining HCLS cap. In comments submitted in this proceeding, commenters pointed out that the reduction of HCLS support due to a reduction in the number of total working loops[3] has harmed rural carriers and their customers, including those who rely on voice-only loops or may need to rely on them in the future.[4] They pointed out that the growth factor was designed to account for *increases* in the

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[3] The HCLS cap is adjusted annually by a rural growth factor, which is equal to the sum of the annual percentage changes in the gross domestic product-chain price index and the total number of working loops. The decline in the total number of working loops in recent years has led to a continually declining HCLS cap.

[4] *See* Order at par. 168; NTCA – The Rural Broadband Association Comments at p. 69; WTA – Advocates for Rural Broadband Comments at p. 10; Concerned Rural LECs Comments at p. 3; Small Company Coalition Comments at pp. 6-8; GVNW Consulting, Inc. Reply Comments at p. 19; Blooston Rural Carriers Comments at p. 8; Eastern Rural Telecom Association Reply Comments at pp. 3-4. The Concerned Rural LECs consist of the following local exchange carriers: 3 Rivers Communications; ACI/Pathway Com-Tel (Alenco); Alaska Telephone Company (AP&T); All West Communications; ATC Communications (Albion); Beaver Creek Cooperative Telephone Company; Bettles Telephone, Inc.; Brazos Telephone Cooperative, Inc.; Canby Telephone Association; Cap Rock Telephone; Central Texas Telephone Cooperative, Inc.; Citizens Telephone; Ducor Telephone Company; Eagle Telephone System, Inc.; ENMR Telephone Cooperative; Farmers Mutual Telephone Company (ID); Filer Mutual Telephone Company; Guadalupe Valley Telephone Cooperative; Hot Springs Telephone Co.; InterBel Telephone Cooperative, Inc.; LaValle Telephone Cooperative; Lincoln County Telephone System, Inc.; Missouri Valley Communications; Molalla Communications Company; Moultrie Independent Telephone Co.; Mountain View Telephone Company; Mud Lake Telephone Cooperative; Nehalem Telecommunications, Inc.; Nemont Telephone Cooperative, Inc.; Nortex Communications; North County Telephone; North Texas Telephone Company; Northwestern Indiana Telephone Company; Oklatel Communications, Inc.; Panhandle Telephone Cooperative, Inc.; Penasco Valley Telephone Cooperative, Inc.; Pend Oreille Telephone Company; Pigeon Telephone Company; Pinnacles Telephone Co.; Pioneer Telephone Cooperative, Inc. (OK); Prairie Grove Telephone Co.; Project Mutual Telephone Cooperative; Project Telephone Company; Public Service Telephone Company; Richland-Grant Telephone Cooperative; Rochester Telephone Company; Rural Telephone Company (ID); Santa Rosa Telephone Cooperative; Shawnee Telephone Company; Sierra Telephone; Siskiyou Telephone; Table Top Telephone Company; The Ponderosa Telephone Co.; Toledo Tel.; Totelcom Communications; Union Telephone Company; Volcano Telephone Company; West Texas Rural Telephone Cooperative; Wheat State Telephone, Inc.; Wiggins Telephone Cooperative; and Yelcot

number of working loops and may never have been intended to apply to decreases in the number of working loops because the costs of provisioning and maintaining each loop need to be recovered regardless of whether the total number of working loops is declining.[5] As noted by Gila River Telecommunications, Inc., “the result of the rural growth factor is contrary to the intent behind the policy, which is to ensure ‘specific and predictable *growth* in high-cost loop support.’”[6] Even when a customer terminates HCLS supported service, support is still needed for the costs of provisioning that loop which have already been incurred.[7] Moreover, as carriers of last resort, rate-of-return incumbent LECs are required to maintain the loops in the event service should be requested again.[8] Absent such support, carriers are faced with the unenviable choice of failing to properly maintain their voice-only loops or diverting funds accrued for broadband deployment in order to fulfill their carrier of last resort obligations. The Commission fails to dispute these points or explain why retention of the rural growth factor without modification is justified in light of the demonstrated need for change.

The Order provides several reasons for the FCC’s decision, none of which justify retention of the HCLS cap/rural growth factor. First, it nonsensically states that “Commenters fail to address that HCLS support should be declining as customers switch to broadband-only

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Telephone Company. The Blooston Rural Carriers are 3 Rivers Communications; Butler-Bremer Communications; C.R.S.T. Telephone Authority; Cameron Communications, L.L.C.; Custer Telephone Cooperative, Inc.; Granite State Communications; Harrisonville Telephone Company; Penasco Valley Telephone Cooperative, Inc.; Venture Communications Cooperative, Inc.; Townes Telecommunications, Inc. (on behalf of its operating companies); and Waitsfield-Fayston Telephone Company d/b/a Waitsfield and Champlain Valley Telecom.

[5] Order at par. 168. WTA – Advocates for Rural Broadband Comments at p. 10; Concerned Rural LECs Comments at p. 3; Small Company Coalition Comments at p. 6; GVNW Consulting, Inc. Reply Comments at p. 19; Blooston Rural Carriers Comments at pp. 8-9; Gila River Telecommunications, Inc. Reply Comments at pp. 2-3.

[6] Gila River Telecommunications, Inc. Reply Comments at p. 3.

[7] Order at par. 168; WTA – Advocates for Rural Broadband Comments at p. 10; Concerned Rural LECs Comments at p. 3; GVNW Consulting, Inc. Reply Comments at p. 19.

[8] Order at par. 168; Concerned Rural LECs Comments at p. 3.

services." It is exactly this decline in support that is impacting commenters and that prompted their requests that the Commission take action to prevent further loss of support. Second, the Order erroneously concludes that "[i]ncreasing HCLS support provides a disincentive for legacy carriers to deploy broadband capable networks." The Order provides no evidence that any legacy carrier would be deterred from deploying broadband capable networks if its HCLS support was increased. To the contrary, an increase in HCLS support would *encourage* broadband deployment. With the loss of HCLS support, carriers currently need to pay the costs of maintaining voice-only loops with funds that had been set aside for future broadband deployment. By increasing HCLS support, the Commission will enable such carriers to apply their resources budgeted for broadband to broadband deployment without the need to divert them to the maintenance of voice-only networks. Finally, the Order summarily concludes that "[e]ven though the number of voice lines is now typically decreasing, the mechanism adopted by the Commission is still effectively aligning HCLS support appropriately with the number of lines." The Commission is effectively saying that it is applying the HCLS support mechanism, which is not in dispute, and in no event provides support for retention of the HCLS cap/rural growth factor.

For the foregoing reasons, Silver Star requests that the Commission reconsider its decision to maintain the rural growth factor and HCLS cap, and that upon reconsideration, it eliminate the rural growth factor and freeze the HCLS cap.

Respectfully submitted,

SILVER STAR TELEPHONE COMPANY, INC.

By: /s/*Caressa D. Bennet*

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