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Via Electronic Mail and ECFS

Susan Yelen
Assistant Division Chief
Industry Analysis and Technology Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

**Re: Partner Communications Cooperative
WC Docket No. 10-90**

Dear Ms. Yelen:

Partner Communications Cooperative (“Partner”) in Iowa, by its attorney, hereby follows up on its February 4 and 5, 2015 *ex parte* meetings and February 6, 2015 *ex parte* letter in which Partner expressed its concerns related to the parent trap rule, set forth in Section 54.305(b) of the rules and regulations of the Federal Communications Commission (“FCC” or Commission”).¹ Partner has consistently argued that the parent trap rule no longer serves its original purpose (discouraging the sale of exchanges and controlling high-cost fund growth) and that it would be in the public interest to eliminate the outdated rule. Based on Partner’s meetings with key FCC officials and subsequent research, Partner believes the record in this proceeding supports the immediate removal of the parent trap rule.

In 2011, the FCC proposed eliminating the parent trap rule for “those instances when the study area waiver order was adopted five or more years ago and when a certain minimum

¹ 47 C.F.R. § 54.305(b).

percentage of the acquired lines, e.g., 30%, are unserved by 768 kbps broadband...”² In other words, the FCC did not want the parent trap rule to throttle the provision of broadband. Unfortunately, this has been the case in Partner’s acquired parent trap exchanges where the parent trap rule prevents adequate recovery for broadband investments. The Commission’s proposal to remove the parent trap rule made sense in 2011 and certainly makes sense now, four years later. In fact, given the increased importance and demand for broadband today, the FCC’s 2011 conclusion that its parent trap rule should be eliminated in order to promote the deployment of broadband to underserved and unserved areas makes even more sense today.

The parent trap rule no longer acts as a regulator of high-cost fund growth and, instead, denies high-cost support to a small and often ignored subset of rural exchanges in need of equitable high-cost support. Elimination of the parent trap rule, since it concerns capped high-cost loop support (“HCLS”), would not affect the overall size of the fund. Thus, the rule no longer serves its purpose. This small subset of rural exchanges affected by the parent trap rule in 2015 is 37 or less, based on National Exchange Carrier Association (“NECA”) numbers.³

For many carriers subject to the parent trap rule, including Partner, the proposed conditions for eliminating the parent trap rule have been met for far longer than five years, as the FCC proposed in 2011. When eliminating the parent trap rule, in line with its 2011 conclusion to do so, the Commission must allow companies subject to the parent trap rule the option to decide when to opt-out of having the FCC apply the parent trap rule.⁴ This option will allow carriers to adjust their short-term and long-term investment decisions accordingly since the parent trap rule has a direct effect on HCLS and investment is a major factor in the calculation of HCLS. The FCC’s review of the parent trap rule has been ongoing for many years, and the record is more than sufficiently developed for the Commission to finally adopt its proposal to eliminate the parent trap rule.

² *In the Matter of Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 10-92, 96-45, GN Docket No. 09-51, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, 26 FCC Rcd 4554, ¶ 226 (2011) (“CAF NPRM”).

³ Not every carrier subject to the parent trap rule is affected by the rule, mitigating any nominal impact on the high-cost fund even more.

⁴ The Commission adopted a similar approach when it decided to have a measured transition in phasing down support for carrier that qualified for safety net additives. *See, Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order, Declaratory Ruling, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, 29 FCC Rcd 7051 ¶ 109-110, (rel. June 10, 2014).

On a related note, Partner is encouraged by the preliminary, albeit tentative, results it has seen in the FCC's A-CAM model as set forth in the CAF II – A-CAM 1.0.1 – Report Version 1.1.⁵ The elimination of the parent trap rule in combination with the A-CAM model could help ameliorate the cash flow issues experienced by carriers such as Partner as a result of the parent trap rule.

Should you have any questions or require additional information, please do not hesitate to contact the undersigned.

Respectfully submitted,

/s/ Kenneth C. Johnson

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⁵ See *Wireline Competition Bureau Releases Alternative Connect America Cost Model Version 1.0.1 and Illustrative Results for Potential Use in Rate-of-Return Areas*, WC Docket No. 10-90, Public Notice, DA 15-294 (Wireline Comp. Bur. Mar. 6, 2015).