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January 27, 2011

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

WCB
USF
- Low Income
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Dear Chairman Genachowski:

I am writing to express my concerns with an issue that was brought to my attention by several small rural telephone companies in the State of Maine. I understand that the FCC is currently considering a petition to preempt a decision that the Maine Public Utilities Commission (PUC) made to ensure continued access to affordable telephone services to the residents of rural Maine. In making a final decision, I hope that you will carefully consider the process that was undertaken in Maine and the conclusion that was ultimately reached by the Maine PUC.

It is my understanding that in November 2007, Time Warner Cable (through its wholesale partner CRC Communications) filed a petition with the Maine PUC asking that the Commission commence mandatory arbitration proceedings between Time Warner and CRC and five rural telephone companies. Time Warner hoped to receive the accommodations necessary to expand its phone service into some of the areas currently served by the other companies. However, in May 2008, the Maine PUC ruled that arbitration could not proceed because the five rural telephone companies were protected by the "Rural Exemption."

Congress adopted the Rural Exemption to protect smaller rural carriers from competition that would create revenue losses that could threaten universal service goals. This is a particular concern when a competitor proposes an expansion into the densest service areas while leaving the sparser and less profitable areas to be served by the rural telephone companies. In establishing the Rural Exemption, Congress intended to prevent situations in which additional competition would cause rate increases for remaining customers and jeopardize the ability of rural telephone companies to meet universal service goals.

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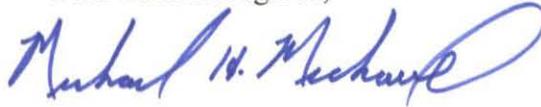
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The Maine PUC agreed to interpret Time Warner's arbitration petition as a formal request to terminate the Rural Exemption and established a proceeding based on the process outlined by Congress. In July 2010, the Maine PUC ruled that the Rural Exemption should not be terminated for these companies. Rather than seek reconsideration of the July 2010 decision to maintain the Rural Exemption, Time Warner has filed a petition that questions the soundness of the May 2008 ruling. Time Warner's effort to disregard a two-year process by the Maine PUC that they voluntarily participated in, rather than simply question the soundness of the final decision itself, is concerning.

Congress intentionally provided that a decision whether to terminate the Rural Exemption should be made by the State PUC, which is closer to the service areas, economics and effects on customers. I sincerely hope that the FCC will give due consideration to the position of the State of Maine, as reflected in the decision of the Maine PUC, before reaching a final decision.

With warmest regards,



Michael H. Michaud
Member of Congress

cc: Michael J. Copps, Commissioner
Robert M. McDowell, Commissioner
Mignon Clyburn, Commissioner
Meredith Attwell Baker, Commissioner