

DANIEL K. INOUE  
HAWAII

COMMITTEE ON APPROPRIATIONS,  
CHAIRMAN  
SUBCOMMITTEE ON DEFENSE,  
CHAIRMAN

COMMITTEE ON COMMERCE,  
SCIENCE, AND TRANSPORTATION

COMMITTEE ON INDIAN AFFAIRS

DEMOCRATIC STEERING AND COORDINATION  
COMMITTEE

COMMITTEE ON RULES AND ADMINISTRATION

**United States Senate**  
SUITE 722, HART SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-1102  
(202) 224-3934  
FAX (202) 224-6747

PRINCE KUHIO FEDERAL BUILDING  
ROOM 7-212, 300 ALA MOANA BOULEVARD  
HONOLULU, HI 96850-4975  
(808) 541-2542  
FAX (808) 541-2549

101 AUPUNI STREET, NO. 205  
HILO, HI 96720-4221  
(808) 935-0844  
FAX (808) 961-5163

**September 1, 2011**

**1225**

**The Honorable Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W., Room 8-B201  
Washington, D.C. 20554**

**Dear Mr. Chairman:**

**On October 2, 2009, I sent a letter to you regarding my constituent, Sandwich Isles Communications, Inc.'s Petition for Declaratory Ruling (Docket No. 09-1333), and respectfully requested expeditious action. The Petition called for the reversal of the National Exchange Carrier Association's (NECA) decision to disallow expenses for an inter-island underwater fiber cable and terrestrial transport. The letter is attached for your reference.**

**On September 29, 2010, your Wireline Bureau issued a Declaratory Ruling, partially reversing the NECA decision. It no doubt saved Sandwich Isles from bankruptcy, and allowed them to continue to provide a vital communications link to the residents and businesses on Hawaiian Homelands, particularly those in the very rural corners of our state. Sandwich Isles was compelled to request a reconsideration of the Bureau's decision because it simply could not survive at the subsidy level set in the ruling.**

**We are fast approaching a year this month since the reconsideration request was filed, and a total of 27 months since NECA rendered its initial negative decision. I need not tell you that these 27 months have resulted in escalating hardship on this Native Hawaiian telephone company.**

**I understand that an order may be drafted for circulation and review by the Commission members shortly. I do hope that this is the case, as I hark back to my initial letter requesting expeditious consideration.**

**The Honorable Julius Genachowski**  
**September 1, 2011**  
**Page 2**

**In the course of these 27 months, Sandwich Isles came upon NECA's Cost Issues Manual which is intended to provide for the "uniform treatment of issues in compliance with the FCC's rules and orders to ensure equitable settlements among NECA pool members." In complex cases, there appears to be a provision that allows for continued payment in accordance with the existing characterization while the issue is being clarified or resolved by the FCC. Such a rule makes good sense as it helps companies from being starved into bankruptcy, while awaiting the FCC's disposition of a particular matter. If this is in fact the case, I would respectfully request, within applicable rules and regulations, that consideration be given to its immediate application, pending resolution by the Commission.**

**Thank you for your attention to this matter.**

**Aloha,**

A handwritten signature in black ink, appearing to read 'D. Inouye', with a long, vertical loop extending downwards from the end of the signature.

**DANIEL K. INOUE**  
**United States Senator**

**DKI:jsd**  
**Enclosure**

DANIEL K. INOUE  
HAWAII

**FILE COPY**

COMMITTEE ON APPROPRIATIONS,  
CHAIRMAN

SUBCOMMITTEE ON DEFENSE,  
CHAIRMAN

COMMITTEE ON INDIAN AFFAIRS

DEMOCRATIC STEERING AND COORDINATION  
COMMITTEE

COMMITTEE ON RULES AND ADMINISTRATION

JOINT COMMITTEE ON PRINTING

## United States Senate

SUITE 722, HART SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-1102  
(202) 224-3934  
FAX (202) 224-6747

PRINCE KUHIO FEDERAL BUILDING  
ROOM 7-212, 300 ALA MOANA BOULEVARD  
HONOLULU, HI 96850-4975  
(808) 541-2542  
FAX (808) 541-2549

101 AUPUNI STREET, NO. 205  
HILO, HI 96720  
(808) 935-0844  
FAX (808) 961-5163

October 2, 2009

The Honorable Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12th Street SW, Room 8-B201  
Washington, DC 20554

Dear Mr. Chairman:

The purpose of my letter is to urge you to act expeditiously on the matter of Sandwich Isles Communications, Inc.'s, Petition for Declaratory Ruling (Docket No. 09-133). The National Exchange Carrier Association's (NECA) reversal to disallow expenses for inter-island underwater and terrestrial transport in May of 2009, less than two months before the effective date of the 2009 annual tariff, left Sandwich Isles with no meaningful opportunity to resolve the matter, or otherwise arrive at a compromise with NECA. Without commenting on the underlying substance, I am very concerned about the process by which NECA makes decisions of this magnitude without guidance from or oversight by the Federal Communications Commission (FCC). At a minimum, NECA's action lacks a measure of fairness.

I believe the FCC should exercise an enhanced level of oversight over NECA's activities. At a minimum, there should be a process that would allow meaningful opportunities to discuss potential options and solutions. If NECA is allowed to proceed unilaterally without such opportunities, other carriers in the NECA pool will look across the table and wonder, "Who's next?" If allowed to proceed in this manner, lenders, including perhaps the Rural Utility Service (RUS) of the U.S. Department of Agriculture which lends to Universal Service Fee (USF) recipients, will be placed in a precarious position.

**The Honorable Julius Genachowski**

**October 2, 2009**

**Page 2**

**Within applicable rules and regulations, I most respectfully request an expeditious resolution of this Docket. Thank you for your attention to this important matter.**

**Aloha,**

A handwritten signature in black ink, appearing to read 'Dan Inouye', with a long vertical line extending downwards from the end of the signature.

**DANIEL K. INOUE**  
**United States Senator**

**DKI:jsd**

**cc: Commissioner Michael Copps**  
**Commissioner Robert McDowell**  
**Commissioner Mignon Clyburn**  
**Commissioner Meredith Attwell Baker**