

**STATEMENT OF
ACTING CHAIRWOMAN JESSICA ROSENWORCEL**

Re: *Domestic Section 214 Application for the Transfer of Control of Lavaca Telephone Company, Inc., to Dobson Technologies Inc., WC Docket No. 20-389, Order on Reconsideration (May 20, 2021).*

There is no shortage of complex issues that come before the Federal Communications Commission. But mixed support mergers between telecommunications carriers may be among the most obscure of the complex issues that the agency is called on to address. So let me try to explain why they are important. Rural telephone carriers that rely on our universal service system to keep their communities connected can receive support in one of two ways. Some receive support based on our traditional methodology, which is based on their costs. Others have elected to receive their support based on a model that provides them a fixed amount.

When a cost-based company combines with a model-based company, we have a regulatory wrinkle. The combined entity will have an incentive to shift costs to the cost-based company in order to receive more support. To iron this accounting situation out, we have required that when these mixed support transactions take place, the expenses of the cost-based affiliates are capped based on average expenses from the last three years. This prevents cost shifting.

Here, when Dobson, a model-based company, and Lavaca, a cost-based company, sought to combine, the Wireline Competition Bureau imposed this mixed support condition on the transaction. No one disputes that was correct.

However, Fort Mojave Telephone, a cost-based carrier serving the Fort Mojave Indian Tribe, was also subject to the condition because Dobson holds an indirect interest in Fort Mojave Telephone. But the parties have now shown that Dobson exercises no control over Fort Mojave Telephone, which is majority owned by the Fort Mojave Indian Tribe. That means there's no danger of cost shifting to Fort Mojave, and in fact, Fort Mojave's Tribal broadband deployment plans could be hindered by the mixed support condition. So today we exempt Fort Mojave Telephone from the mixed support condition and lay out a framework for the Bureau to do the same in other transactions in the future where the facts support it.

Like I said at the start, this is complex. But going forward we will fine-tune our policy so it will not get in the way of deployment in rural areas and Tribal lands. So a hefty thank you to Pam Arluk, Justin Faulb, Dennis Johnson, Jodie May, Sue McNeil, Kris Monteith, Terri Natoli, Ryan Palmer, Joe Sorresso, and Suzanne Yelen of the Wireline Competition Bureau; and Malena Barzilai, Jim Bird, Bill Dever, Michele Ellison, Richard Mallen, Linda Oliver, Joel Rabinovitz, and Bill Richardson of the Office of General Counsel.