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February 13, 2018

Via Email

The Honorable Ajit V. Pai, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Emergency Hurricane Relief for the U.S. Virgin Islands
(WC Docket No. 10-90; WT Docket No. 10-208)

Dear Chairman Pai:

I write to you today to urge you to act as quickly as possible on Viya's petitions for emergency hurricane recovery relief in the United States Virgin Islands (USVI). As the President and Chief Executive Officer of ATN International, Inc., (ATNI) the parent company of Viya and Viya Wireless, my team and I must make difficult decisions in the coming weeks regarding how we will rebuild Viya's wireline and wireless networks. These decisions will be driven by how much capital is available to invest in restoring the networks to pre-Hurricane levels and increasing their resilience ahead of the next storm. Since initially filing the petitions last year, we have been in open and constructive discussions with the Commission about the petitions since that time. We are now at a critical time in our recovery and planning and we therefore respectfully request action on the pending petitions.

As you are aware, prior to the damage inflicted by Hurricanes Irma and Maria in September 2017, Viya was the primary provider of voice, video, and broadband service on the three USVI islands using its hybrid fiber-coaxial (HFC) network. Viya also provided facilities-based mobile wireless service in the USVI. ATNI acquired Viya and its network facilities in July 2016 from a lender that, in turn, acquired these assets through their prior owner's bankruptcy. ATNI's plan prior to the storms was to continue our substantial investment in the USVI to take Viya's networks to the next level. In the case of the extensive, new 4G LTE wireless network that Viya just turned up, this investment promptly paid off in that it enabled Viya to rapidly restore wireless network connectivity and provide alternative, temporary broadband connections. In fact, we prioritized mobility in order to restore basic connectivity in the USVI as quickly as possible. We now provide wireless service to the vast majority of the islands, and have been generally recognized as the leader in the market in the restoration of wireless services. However, due to a variety of financial and logistical constraints as well as the general lack of reliable power in the USVI until this past month (many of our cell sites are still on generator power), we have made less progress to date with the far more expensive and complex rebuild of our HFC network. As a result, the vast majority of our customers remain without wireline voice or Internet service today—five months after the first hurricane hit.



An expeditious answer from the FCC regarding whether additional support will be available, and, if so, when, is essential to our ability to continue to make effective plans. The USVI is a very small market, and it was a very difficult operating environment even before the hurricanes. As a result of the storms, Viya's costs of delivering a quality service have suddenly and dramatically increased, including a likely substantial increase in basic insurance costs, while Viya simultaneously has lost much of its USVI revenue sources. Nevertheless, we are committed to the market and to rebuilding. But we have to balance our investment decisions. The amount we invest on marginal areas and services, accelerated restoral, and hardening the network for future storms depends greatly on understanding funding sources and the total funds ultimately available for the task. Our goal is to maximize the impact of government support by leveraging it with private capital, but it is challenging to access private funding sources without greater visibility regarding the potential availability of government support. For these reasons, as the CEO of the USVI operating companies, Alvaro Pilar, stated when he met with you in November, that we need a Commission decision on Viya's emergency petitions as soon as possible so that we can move forward with all alacrity and diligence.

The time pressure on Viya in the USVI is very real. First and foremost, USVI residents and businesses have been largely without wireline voice and broadband services for nearly five months. The USVI's efforts to rebuild the economy and stop the continuing departure of residents are severely hampered by the lack of adequate wireline voice and broadband service. As a result, we are under increasing pressure from our customers and the USVI territorial government, including the Virgin Islands Public Service Commission, and other local officials, to restore service as soon as possible and to harden our facilities as we do so.

Second, as I already noted, we are making critical decisions daily regarding how Viya's facilities should be restored and the extent to which we can afford to make Viya's facilities more resilient. The amount of total funding that will be available to Viya and the timing of that funding has a significant impact on how we approach the network restoration project. A lack of clarity in this respect can result in less than optimal decision making. For example, among the important decisions that we must make now are whether and where to bury cable versus placing it on poles and, if we place it on poles, whether to use standard wooden poles or fortified concrete or steel poles. Buried cable is, of course, much less likely to be damaged in future storms. But, given the terrain in the USVI, which is largely volcanic rock, trenching and boring is seven to fourteen times more expensive per foot than running aerial cable, and the operating costs of dealing with inadvertent future cable cuts are higher. Similarly, fortified poles are much more resilient than wooden poles, but they also are much more expensive. Consequently, the extent to which we decide to undertake these activities will depend directly on the amount of funding that is available.

We will be able to deploy funds more efficiently if we can incorporate them into our planning today than if they become available to Viya later, which will maximize the value for the funds identified. With supplemental crews on the ground now, we have the opportunity to direct their restoration activity on a rolling basis over the next few

weeks. As a result, we are able to immediately utilize any additional funds and maximize their value because, once the work is complete, it will be costly and time-consuming to re-engage the needed resources. Moreover, there are cascading impacts from each decision that cannot be easily reversed even if additional, future financial support enables an improved network design.

Third, the beginning of the 2018 hurricane season is less than four months away. Consequently, we need to complete as much of the restoration process as quickly as possible to restore the network and, ideally, improve its chances of surviving any 2018 storms. Expedited construction is expensive. For example, flying materials into the USVI can be ten times more expensive than shipping them, but shipping materials can take weeks or months. Although our crews have been ready to travel with their equipment to the USVI since November, some only are just arriving now due to a lack of adequate shipping capacity and prioritization of electrical restoral over telecommunications.

Viya's funding needs for restoration efforts remain substantial. At the time we filed our petitions, we estimated that it would cost at least \$45 million to restore the USVI HFC wired network to its condition before Hurricanes Irma and Maria. This figure was exclusive of any meaningful effort at further network hardening. (We also proposed a pool of \$50 million to fund specifically identified and approved network hardening projects by all wireless carriers in the USVI market.) Based on further evaluation of the level of damage inflicted by the storms and further development of our restoration plans, however, we now believe that our initial \$45 million estimate for wireline restoration was conservative. Logistical difficulties getting crews and materials into the USVI, as well as other difficulties and delays beyond our control, have increased our likely costs above this initial estimate. For this reason, the requested support is even more important than ever.

We greatly appreciate the Commission's decision to permit Viya to receive seven months of frozen high-cost universal service support in advance. Although these immediately available funds were very helpful in resolving our initial cash flow problems when customer revenue ceased after the storms, the reality is that the stream of high-cost funding already was committed before the storms hit the USVI. When ATN acquired Viya, we also effectively acquired the outstanding debt incurred to construct the HFC network. The future stream of frozen high-cost support already was dedicated to service this debt while keeping customer rates affordable, which is a challenge in the USVI due to its depressed economy, as well as to complete and maintain the HFC network. Therefore, this stream of revenue is crucial to Viya for reasons other than storm restoration, and the front loading of the distribution of this frozen support ultimately will not address the enormous new and additional cost of restoring Viya's network. In addition, although ATN received an insurance pay-out for the hurricane damage, the insurance did not even cover the company's lost revenues, let alone any network rebuilding costs and we purchased the maximum coverage limits we could obtain.

The Commission should act on USVI relief separately. Finally, I want to emphasize that there are good reasons to consider acting on Viya's emergency petitions for USVI relief separately from relief requests for other areas that recently have been affected by natural disasters. First, the USVI is unique in that it was devastated by two major natural disasters—direct hits from two Category 5 hurricanes just two weeks apart. Second, the logistical issues inherent in restoring service to the USVI are considerable given its significant distance from the U.S. mainland, small size, and limited economic base. In addition, San Juan, Puerto Rico, which itself was devastated by Hurricane Maria, was the primary staging area for USVI relief efforts following Hurricane Irma and is the proximate urban area for many of the resources on which the USVI relies, such as medical facilities and industrial and consumer goods. Third, there are no parts of the USVI that are truly urbanized. The entire Territory is effectively a rural area without a self-supporting economy. The USVI economy is largely dependent on tourism, a sector that has been adversely affected to the extreme, and lacks the benefit of the additional commercial tax base of other industries. Finally, facilities-based carriers in the USVI were the first to submit concrete proposals for support for network restoration. By pointing out these distinctions, it is not my intention to make comparisons regarding the level of need among disaster-affected areas. Rather, I simply observe that there are good reasons to consider a relief plan for the USVI independently and without further delay.

I look forward to hearing from you regarding this urgent request.

Sincerely,



Michael T. Prior
President & Chief Executive Officer
ATN International, Inc.

cc: Hon. Mignon Clyburn
Hon. Michael O'Rielly
Hon. Brendan Carr
Hon. Jessica Rosenworcel
Michael Carowitz