



April 17, 2018

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Via Electronic Filing

Re: NOTICE OF EX PARTE
WC Docket No. 10-90: *Connect America Fund*
WC Docket No. 14-58: *ETC Annual Reports and Certifications*
WC Docket No. 07-135: *Establishing Just and Reasonable Rates for Local Exchange Carriers*
CC Docket No. 01-92: *Developing a Unified Intercarrier Compensation Regime*

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Dear Ms. Dortch:

On April 16, 2018, John Badal, CEO of Sacred Wind Communications, Inc. ("Sacred Wind"), Brian Tagaban, Director of Governmental Policy for Sacred Wind, Erin Fitzgerald, Counsel to Sacred Wind, and the undersigned met with Kris Monteith, Sue McNeil, Alex Minard, Suzanne Yelen, and Christian Hoefly in the Wireline Competition Bureau to discuss the above-referenced dockets.

Sacred Wind representatives provided an update on the company's activities, particularly as a model for bringing voice and broadband services to historically unserved tribal lands. Meeting attendees also discussed the impacts on Sacred Wind, its network and its Tribal customers of proposals in the Commission's recent Connect America Fund Report and Order, Third Order on Reconsideration and Notice of Proposed Rulemaking.¹ Sacred Wind representatives distributed a PowerPoint presentation to FCC staff, a copy of which is attached to this filing.

Pursuant to Section 1.1206 of the FCC's Rules,² this ex parte is being filed electronically with the Office of the Secretary.

Best regards,

/s/ Martin L. Stern

Martin L. Stern
Counsel for Sacred Wind Communications, Inc.

Enclosure

Cc: Kris Monteith
Sue McNeil
Alex Minard
Suzanne Yelen
Christian Hoefly

¹ *Connect America Fund, et. al., Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking*, WC Docket No. 10-90, *et. al.*, FCC 18-29 (rel. Mar. 23, 2018).

² 47 C.F.R. § 1.1206.



FEDERAL COMMUNICATIONS COMMISSION

APRIL 2018



Sacred Wind Communications

Founded in December 2006 (Acquired area from Qwest)

Mainly tribal customers (96% Navajo & 78% Tribal Lifeline)

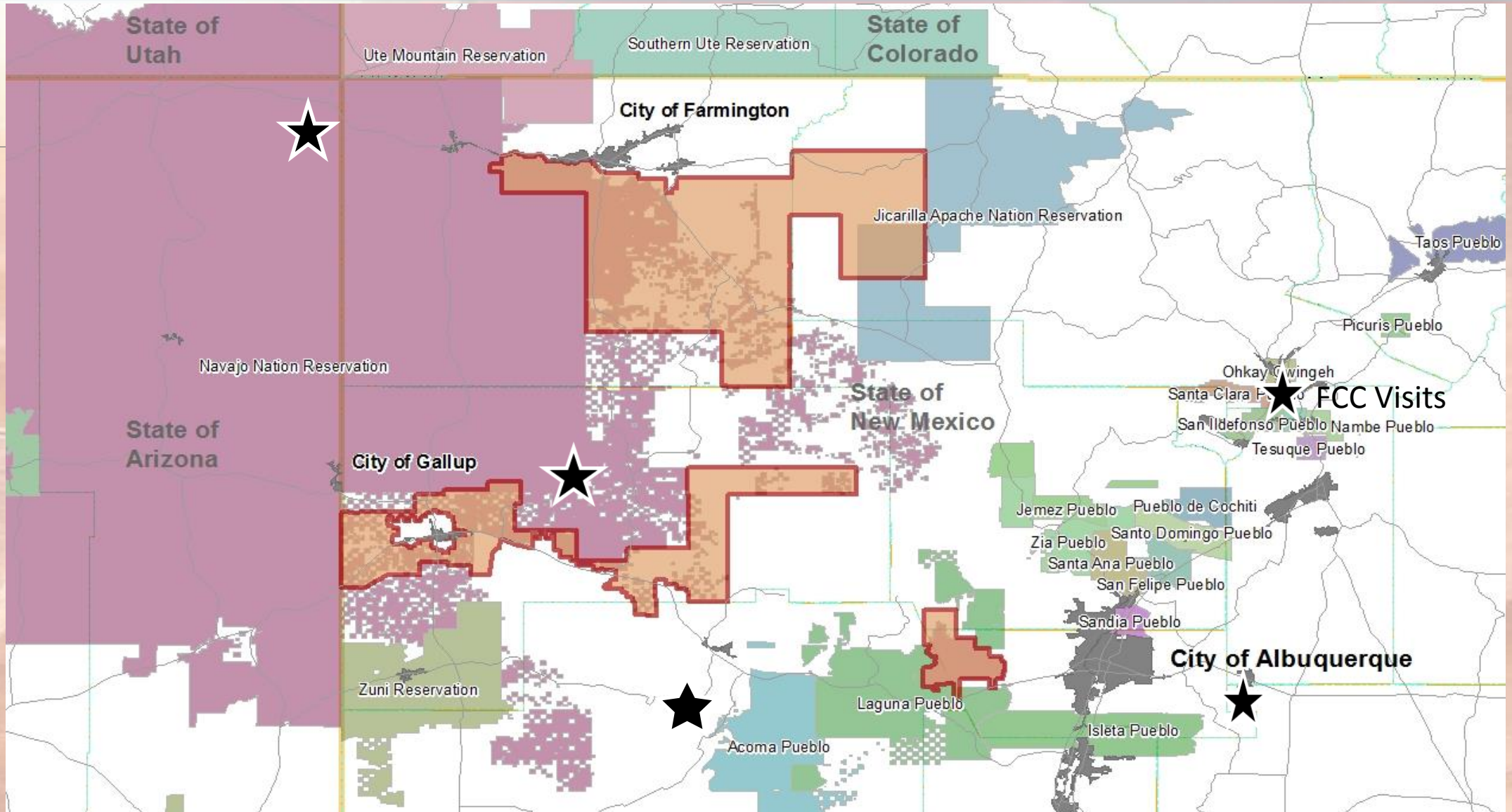
(Rights of way a huge issue)

No incorporated areas in our service territory

Large investments in low ROI area

Technology Agnostic – fixed wireless, fiber, copper & solar

SWC Territory & FCC visits



Challenges

Acquisition from Qwest, 2006

- Less than 30% homes w/ access to telephone service
- No broadband capacity
- Last mile, aged Copper facilities
- Poor reputation with the Navajo People and Government

Customer disadvantages

- Low density
- Low income – 42.9% below poverty*
- High diabetes, heart disease, domestic violence, teen suicide rates
- Absence of 911 service

Changes with FCC USF rules beginning in 2011

<http://navajobusiness.com/fastFacts/demographics.htm>



Achievements

2400 new Voice Cust. installs
Constructed 2 Central Offices,
32 Towers, 64 Digital Cabinets,
150 miles of new Copper, 100
miles of Optical Fiber

Designated “The Most
Inspiring Small Business in
America, 2009”

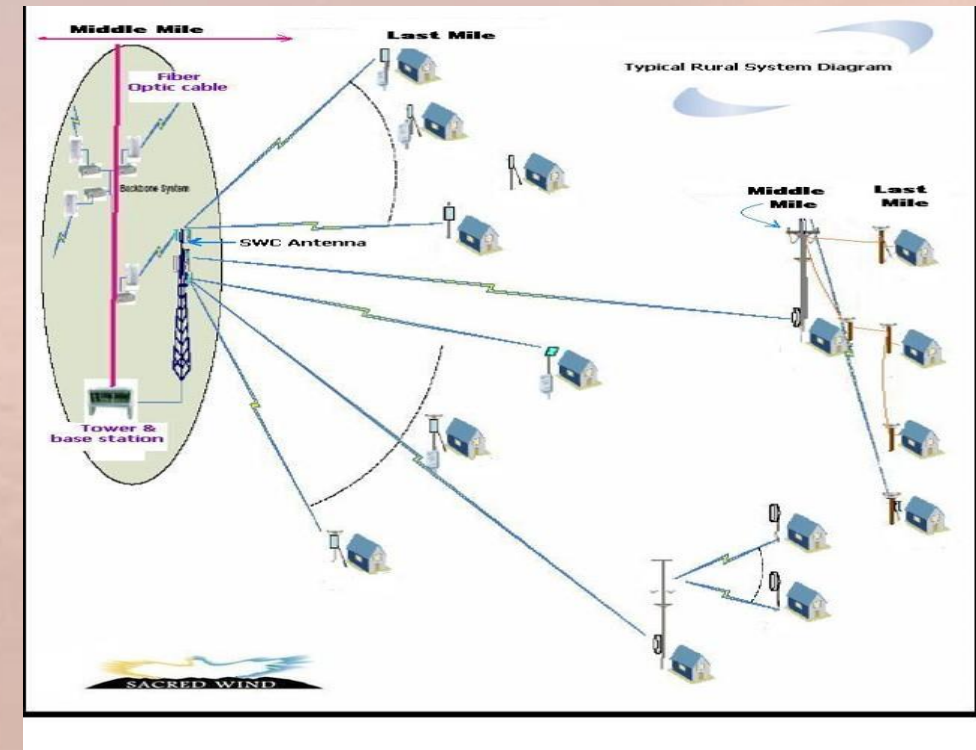


Hybrid Technologies

Fiber to Fixed Wireless to Copper

One of the largest Fixed Wireless networks for Voice & Broadband

- ❖ 1st to conduct RUS trial of 3.65GHz equipment
- ❖ 1st to obtain FCC permits for 3.65GHz upper & lower bands



Achievements - Broadband



Broadband take rate

- ❖ Non-Tribal Lifeline subs - 51%
- ❖ Tribal Lifeline Voice subs - 51%
- Nonprofit's early Internet training for adults
- 69% subscribe to 6Mbps & 10Mbps
- 20% subscribe to 15Mbps or over

SWC Changed the Formula for Success

TIER 1 CARRIER'S FORMULA

- Landline only
- Bigger markets elsewhere
- Limited dedicated investment
- Business case lacking even with CAF funding

SACRED WIND'S FORMULA

- Technology Agnostic
- Local company w/ local zeal
- RUS Low interest loans
- Business case works thanks to CAF program

Higher Cost Areas -> CAF/HCLS Needed

SWC INCURS HIGHER CAPEX/OPEX EXPENSES

2 Households per square mile

- 10% without electricity

Minimum 2 truck rolls to install

- Acquire rural addressing for each
- Acquire homesite lease
- Verify Line of Sight (LOS)

Federal/tribal ROW processes & costs

- Duplication of ROW processes

Costs of ROW & Easements

Tribal Engagement: “Culturally oriented” operations

Construction more costly in remote areas

SWC TOWER ATOP DZIL NA’O DITHLE

(CONSTRUCTION 40% HIGHER THAN ON FLAT LAND)



Higher CAPEX Costs in SWC territory

CAPEX COSTS

Tower construction higher

- Cement per yard prices higher in remote areas
- Equipment shipping & Labor
- Weather extremes
- Snow mobile to reach mountain tops in winter

Landline installation higher

- Lava, Granite, Sandstone rock formations
- “Make Ready” pole costs assessed by electric coops
- Wind & rain erosion of roadbeds expose cable

Heavy duty pickups required

- And, more road miles per OSP truck

Shorter usable life for OSP trucks

Surveillance systems for remote sites

ICE SHIELD REINFORCEMENT FOR MT. TAYLOR TOWER – 11,389 FT ELEVATION



Higher Customer Costs in SWC territory

RECENT

Bilingual CSSR to locate remote homes

More road miles travelled per service order

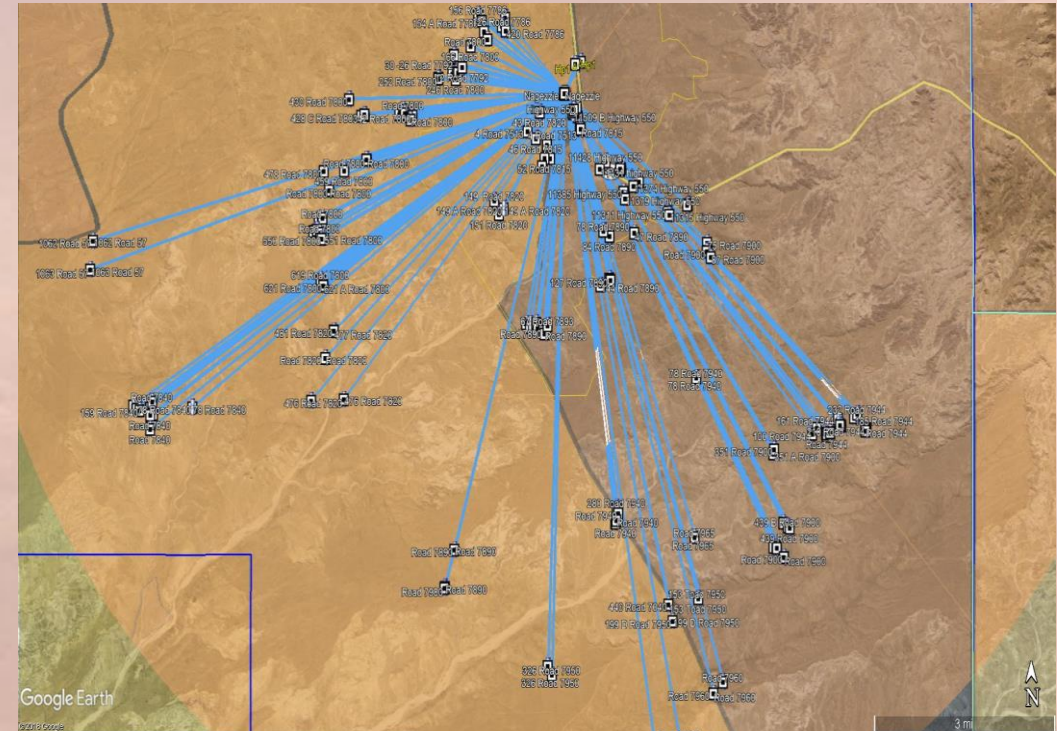
More OSP techs per 1,000 customers

Homesite lease verification for Service Line Agreement in Window Rock, AZ

Rural addressing registration at county HQ

Tribal Lifeline recertification

NEWLY GPS'D CUSTOMERS



Higher Land Use Costs in SWC territory

RECENT ROW ASSESSMENTS

Fiber – Laguna Pueblo, \$4.1M over 15 years

Fiber – Acoma Pueblo, \$250,000 to negotiate

Fiber – Navajo Nation - \$1.2 M one-time

Fiber - City of Albuquerque - \$100,000 per yr

Towers/poles – Navajo Nation - \$12,000 per yr

Requires 1 1/2 FTEs to engage BIA and Tribes

SOLUTION

Bypassed, at an added cost of construction

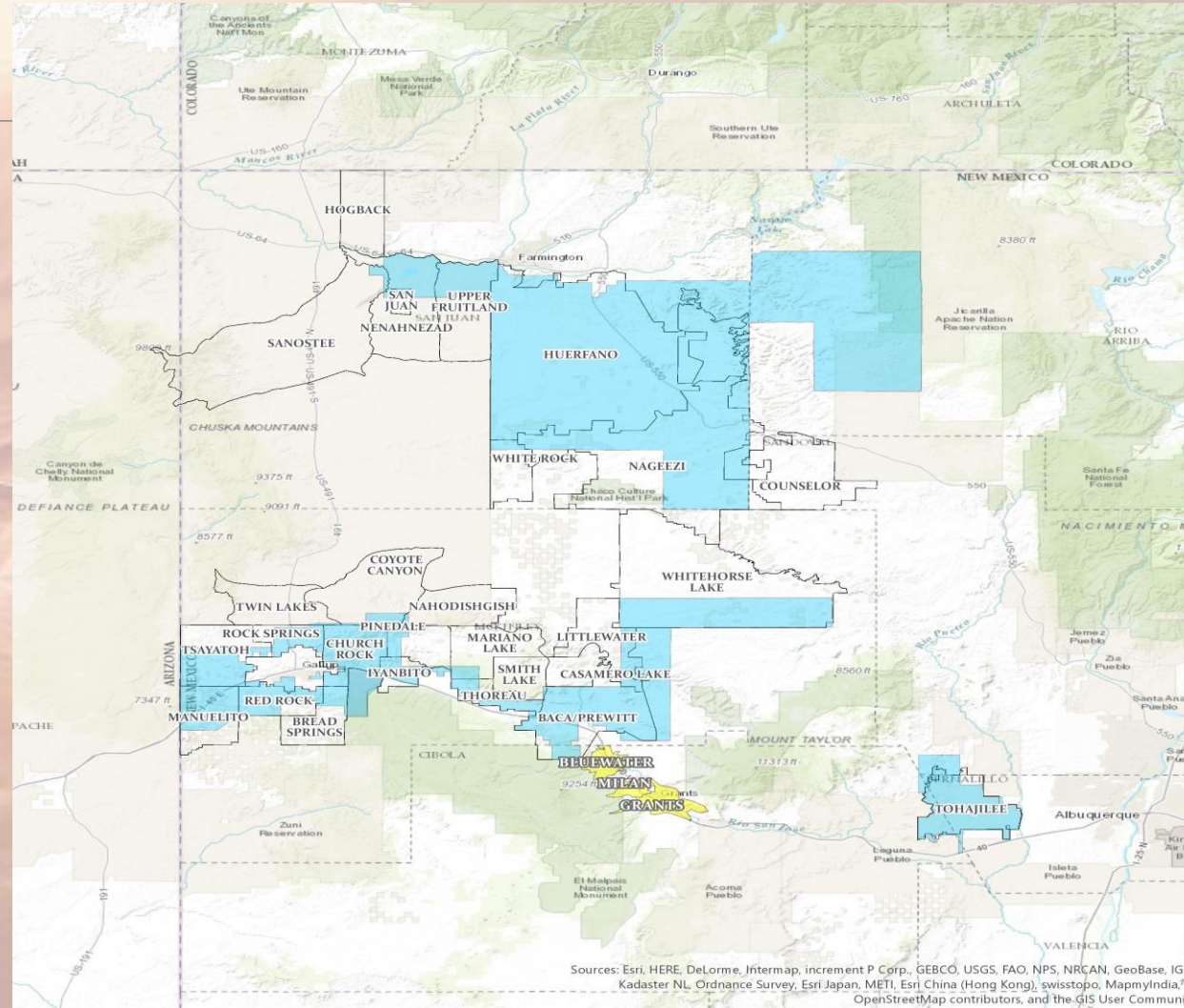
Bypassed, at an added cost of construction

Bypassed, at an added cost of construction

Settled for \$46,000 per year license fee

Construction moratorium – 2 years +

Many More Unserved Outside of SWC



FCC Must Retain the Rural Model to Incentivize Growth

- Develop A-CAM tiers for higher costing RLECs
 - Acknowledge certain classes of RLECs with justifiably higher costs than most – unable to accept current A-CAM offer.
 - Acknowledge ongoing higher costs for maintaining customers at 10Mbps or 25 Mbps over time
- 4G and 5G will be long in coming to remote rural areas
 - Encourage the expansion of home-based rural service in underserved areas
 - Incentivize price cap carriers to spin off remote rural areas to RoR carriers
 - Unfreeze Study Areas
- Restore predictability for rural carriers' continued investment
- Continue support for Voice-only where demanded and promote E-911 only tariffs

Bottom line: Incentivize high cost rural carriers, who are the true feet-on-the-street providers, to upgrade and expand services where others have failed to do so.