



Squire Patton Boggs (US) LLP
2550 M Street, NW
Washington, DC 20037

O +1 202 457 6000
F +1 202 457 6315
squirepattonboggs.com

Monica S. Desai
T +1 202 457 7535
monica.desai@squirepb.com

October 9, 2014

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

**Re: REDACTED – FOR PUBLIC INSPECTION
Adak Eagle Enterprises, LLC Request for Confidential Treatment and Redacted
Submission of Information**

Dear Ms. Dortch:

On behalf of Adak Eagle Enterprises, LLC; Adak Telephone Utility, LLC; and Windy City Cellular, LLC (collectively, the Companies), and in accordance with the Protective Order adopted in the above referenced proceedings,¹ enclosed please find a Request for Confidential Treatment and two (2) copies of the Redacted responses to the additional request for information posed by staff in the Wireline Competition Bureau of the Federal Communications Commission (FCC or Commission) by phone on September 29, 2014. The Companies are also submitting one (1) copy of the Confidential version of the filing to the Office of the Secretary, and two (2) additional copies of the Confidential version of this filing are being delivered to Lynne Hewitt Engledow, Pricing Policy Division, Wireline Competition Bureau, Federal Communications Commission.

¹ *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Protective Order, 25 FCC Rcd 13160 (Wireline Comp. Bur. 2010).

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Should you have any questions concerning the foregoing request, please contact the undersigned.

Respectfully submitted,



Monica S. Desai
Squire Patton Boggs (US) LLP
2550 M Street, NW
Washington, DC 20037
202-457-7535
*Counsel to Adak Eagle Enterprises, LLC; Adak
Telephone Utility, LLC; and Windy City Cellular,
LLC*

October 9, 2014

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

Re: Request for Confidential Treatment – Adak Eagle Enterprises, LLC in CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 Before the Federal Communications Commission

Dear Ms. Dortch,

On behalf of Adak Eagle Enterprises, LLC (AEE); Adak Telephone Utility, LLC (ATU); and Windy City Cellular, LLC (WCC) (collectively, the Companies), and in accordance with the Protective Order issued in the above referenced proceedings¹ and Federal Communications Commission (FCC or Commission) rules—specifically Section 0.459² of the Commission’s rules—the Companies request Confidential Treatment of the attached document, which responds to the additional request for information posed by staff in the FCC’s Wireline Competition Bureau by phone on September 29, 2014. In particular, the Companies request Confidential Treatment of the attached responses provided to further clarify the Companies’ previous responses to question 6 of the Commission’s August 12, 2014 letter.³ Accordingly, the Companies hereby seek Confidential Treatment, request that the Confidential Information be withheld from public inspection, and answer the questions set forth in Section 0.459(b) of the Commission’s rules.⁴

¹ *Connect America Fund et al.*, WC Docket 10-90 et al., Protective Order, 25 FCC Rcd 13160 (Wireline Comp. Bur. 2010).

² 47 C.F.R. § 0.459.

³ See Letter from Carol E. Matthey, Acting Chief, Wireline Competition Bureau, to Larry Mayes, President/CEO, Adak Eagle Enterprises, LLC and Windy City Cellular, LLC (Aug. 12, 2014).

⁴ 47 C.F.R. § 0.459(b).

(1) Identification of the specific information for which confidential treatment is sought.

All of the information designated as “Confidential Information” being submitted herewith is confidential commercial information under Exemption 4 of the FOIA.⁵ As explained in more detail below, the Confidential Information contains proprietary commercial and financial information. Accordingly, pursuant to Section 0.459(a) of the Commission’s rules, the Companies request that such information not be made routinely available for public inspection.⁶

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission.

The information is being provided to the Commission as part of the petitions for waiver filed by AEE and WCC⁷ of Section 54.302 of the Universal Service Fund and Intercarrier Compensation reform rules adopted by the Commission as part of its November 18, 2011, Report and Order.⁸

(3) Explanation of the degree to which the information is commercial or financial or contains a trade secret or is privileged.

The data and explanations contained in the Confidential Information are not customarily disclosed to the public or within the industry. The Confidential Information shows sensitive financial information related to the Companies. The disclosure of such information would cause harm to the Companies. This sensitive commercial and financial information is not made available to the public by the Companies.

(4) Explanation of the degree to which the information concerns a service that is subject to competition.

The data and explanations contained in the Confidential Information being provided to the Commission describe the business and operational details of AEE, as well as business and operational details with respect to WCC and ATU. All of the Confidential Information concerns competitive voice and broadband services. Indeed, Alaska Wireless competes to provide communications services in the downtown area of Adak.

⁵ 5 U.S.C. § 552(b)(4).

⁶ 47 C.F.R. § 0.459(a).

⁷ Petition for Waiver of Adak Eagle Enterprises, LLC, WC Docket No. 10-90, *et al.* (filed May 22, 2012); Petition for Waiver of Windy City Cellular, LLC, WC Docket No. 10-90, *et al.* (filed Apr. 3, 2012).

⁸ *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (Report and Order).

(5) Explanation of how disclosure of the information could result in substantial competitive harm.

The presence of competition in downtown Adak and the likelihood of competitive injury threatened by release of the information provided to the Commission by the Companies should compel the Commission to withhold the Confidential Information from public disclosure. The Commission has provided assurances that it is “sensitive to ensuring that the fulfillment of its regulatory responsibilities does not result in the unnecessary disclosure of information that might put its regulatees at a competitive disadvantage.”⁹

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure.

In order to prevent unauthorized disclosure of the subject information, and pursuant to the Protective Order issued in these proceedings,¹⁰ the Companies are filing a confidential version of this filing with the Office of the Secretary. The Companies take routine measures to ensure the confidentiality of this information during normal business operations.

(7) Identification of whether information is available to the public and the extent of any previous disclosure of the information to third parties.

The data and explanations contained in the Confidential Information are not available to the public or to any third parties.

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure.

As noted in response to question (1) above, all of the data and explanations being submitted herewith is confidential commercial information under Exemption 4 of the FOIA.¹¹ Consequently, the Companies would never make this information available publicly due to its sensitive and proprietary nature. For this reason, the Companies respectfully request that the Commission protect this information from public disclosure in perpetuity.

(9) Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted.

The Confidential Information contains proprietary commercial and financial information, which the Companies will forever keep confidential. Because of the competitive sensitivity of the Confidential Information, the Companies seek Confidential Treatment indefinitely.

⁹ *Examination of Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, Report and Order, 13 FCC Rcd 24816, ¶ 8 (1998).

¹⁰ See *supra* note 1.

¹¹ 5 U.S.C. § 552(b)(4).

October 9, 2014

Should you have any questions concerning the foregoing request, please contact the undersigned.

Respectfully submitted,



Monica S. Desai
Squire Patton Boggs (US) LLP
2550 M Street, NW
Washington, DC 20037
202-457-7535
Counsel to Adak Eagle Enterprises, LLC; Adak Telephone Utility, LLC; and Windy City Cellular, LLC



Squire Patton Boggs (US) LLP
2550 M Street, NW
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squirepattonboggs.com

Monica S. Desai
T +1 202 457 7535
monica.desai@squirepb.com

October 9, 2014

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

**Re: CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN
CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135 AND 10-90 AND GN
DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS
COMMISSION
Adak Eagle Enterprises, LLC Request for Confidential Treatment and Confidential
Submission of Information**

Dear Ms. Dortch:

Adak Eagle Enterprises, LLC (AEE); Adak Telephone Utility, LLC (ATU); and Windy City Cellular, LLC (WCC) (collectively, the Companies), hereby submit responses to the request for additional information posed by staff in the Wireline Competition Bureau (Bureau) of the Federal Communications Commission (FCC or Commission) by phone on September 29, 2014, clarifying questions posed in the letter issued by the FCC on August 12, 2014.¹ The [[]] symbols in this Confidential version denote Confidential Information as defined in the Companies' attached Request for Confidential Treatment. Herein, the Companies submit further responses to question 6.²

¹ See Letter from Carol E. Matthey, Acting Chief, Wireline Competition Bureau, to Larry Mayes, President/CEO, Adak Eagle Enterprises, LLC and Windy City Cellular, LLC (Aug. 12, 2014) (Aug. 12, 2014 FCC Letter).

² On August 22, 2014, the Companies provided responses to questions 3, 4, 5, 10, 14, 16, and 17, and on September 9, 2014, the Companies provided responses to questions 1, 2, 7, 8, 9, 11, 12, and 15. On September 12, 2014, the Companies provided responses to questions 6 and 13, and provided in a different format answers previously provided to questions 1, 2, and 3. On September 30, the Companies provided clarifying information in response to question 17.

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With this filing, the Companies continue to stress that they provide quality communications services to remote Adak Island, Alaska. They further note that, integral to continuing to provide quality service is the Companies' ability to complete this administrative process and secure the waiver they applied for so long ago. As explained in previous filings, the Companies understand the importance of ensuring the integrity of Universal Service funds, and have worked diligently to quickly and comprehensively answer and resolve all of the Commission's questions and concerns. The Companies are eager to conclude this process so that service to Adak Island, Alaska may continue.³

6) Please provide updated forecasts used in the "Sustainable" scenario of the "Adak Telephone Utility – Scenario" submitted as Attachment 6 to AEE's April 12, 2013 Ex Parte. Two sets of updated forecasts should be provided. In our meeting on July 24, 2014, you indicated that if Windy City Cellular (WCC) were to cease operations, that would necessitate a reallocation of costs currently assigned to WCC pursuant to your Cost Allocation Manual. The first updated forecast should assume that AEE's subsidiary, WCC, continues operations. The second updated forecast should assume that WCC ceases operations as of December 31, 2014. Differences in ATU's revenues and operating expenses as a result of WCC's cessation of operations should be highlighted in the two updated scenarios. Please provide these two scenarios in Microsoft Excel format (.xls or .xlsx).

(Original answer provided on September 12, 2014.)

WCB follow-up questions:

- a) In the ATU updated forecasts, the Companies provided in the last set of responses (from September 12, 2014; Exhibit 1 responses to question 6), the 2015 Cash Flow statements, which included [[REDACTED]] for Sale (Purchase) of PP&E. Please explain what comprises this figure.

The [[REDACTED]] amount listed in response to question 6 represents build-out expenses for the warehouse the Companies had intended to build to house critical and valuable telecommunications equipment. As the Companies noted in previous filings, given the capital investment they have already made in the warehouse, and the potential cost savings completion of the warehouse will bring, the Companies urge the Commission allow them to "move forward with

³ Petition for Waiver of Adak Eagle Enterprises, LLC, WC Docket No. 10-90, *et al.* (May 22, 2012) (Adak Petition); Petition for Waiver of Windy City Cellular, LLC, WC Docket No. 10-90, *et al.* (Apr. 3, 2012). *See* Response of Adak Eagle Enterprises, LLC and Windy City Cellular, LLC to the Commission's August 12, 2014 Letter, WC Docket No. 10-90, *et al.* (Aug. 22, 2014); *see also* Supplemental Response of Adak Eagle Enterprises, LLC, Adak Telephone Utility, LLC, and Windy City Cellular, LLC to the Commission's August 12, 2014 Letter, WC Docket No. 10-90, *et al.* (Sept. 9, 2014).

the RUS-approved construction of a warehouse to house equipment, vehicles, and maintenance operations in a heated facility protected from the severe weather conditions on Adak Island.”⁴

As the Companies have explained, the cost savings in permitting Adak to complete build-out would be substantial. The cost of completing construction of the new warehouse would be approximately [REDACTED], resulting in a monthly payment of approximately [REDACTED], assuming an estimated loan interest rate of [REDACTED]. Construction of a warehouse would eliminate ATU’s [REDACTED] monthly payment to the Aleut Corporation, which would result in long-term savings of approximately [REDACTED] per year going forward. RUS had examined all of this and decided that it made both fiscal and practical sense to move forward with the construction of the warehouse, and accordingly approved the loan. Again, the Companies planned and obtained RUS approval for the construction of the warehouse before funding was cut, and substantial expenditures have already been made. For example, the [REDACTED] in concrete needed to build the warehouse is already on location and will ruin if not used in the near future.⁵

The Companies have explained that without approval, that concrete will go to waste as the Companies cannot afford to have it shipped back. Furthermore, “the equipment and vehicles, valued at over [REDACTED], are essential for normal operations and include items such as fiber, outside plant equipment, a fiber blower, conduit, concrete for road repairs, a concrete saw, snow removal equipment, a splicing van, and utility trucks.”⁶ And, that the cost of renting space to store this equipment is particularly high in light of the fact that AEE’s mechanic is forced to work in a rental space that is unheated and leaks, which also places Adak’s valuable communications equipment at risk.⁷ In addition, because the rental space is too small to house all of the equipment, some sensitive communications materials are housed outside, completely exposed to Adak’s severe weather.⁸

Finally, construction of a centrally located, heated facility would save the company from having to replace materials and equipment ruined by the weather, and would allow AEE to consolidate all of its operations on Adak Island, thereby leading to greater efficiency across all aspects of the business. As confirmed by RUS, this is a fiscally sound and sensible long-term investment that would result in both short-term and long-term savings across the board.

b) On that same spreadsheet, Long Term Debt is listed as [REDACTED] for each year from 2015-2020. Because this represents debt from an RUS loan, and the amount of principal payments (versus interest payments) generally increases over the life of a loan, should this amount be increasing each year from the [REDACTED] amount listed in 2014?

⁴ See, e.g., Adak Eagle Enterprises, LLC, Adak Telephone Utility, LLC, and Windy City Cellular, LLC Response to FCC Inquiries (Aug. 22, 2014) at 7.

⁵ *Ibid.*

⁶ *Ibid.*

⁷ *Ibid.*

⁸ *Ibid.*

The Companies agree that, as a general matter, the amount of principal payments on a loan will increase over the life of the loan and interest payments will decrease. In fact, the Companies note that in 2013, they made a substantial payment towards the principal of the loan, which also has lowered the interest payments over the life of the loan.

The Companies explain, however, that their answer responds to a request for *projections* rather than *actual* payment amounts, and thus, the Companies did not provide data reflecting actual payments for years 2015-2020. In fact, the Companies do not currently have a schedule of payments from RUS that breaks down by month – through the year 2020 – the principal versus interest payment amounts, and it would take considerable time and resources to create such a document. To provide as expeditious a response as possible, the Companies have supplied the Commission with [REDACTED] that is intended to serve as a proxy for the specific amounts payable through 2020.

- c) On the ATU Income Statement in that same exhibit (from September 12, 2014; Exhibit 1 responses to question 6), the Federal High Cost Loop support amount is listed at [REDACTED], and the High Cost Support Limit amount is [REDACTED]. FCC staff asks whether this amount takes into account the interim funding that WCB has already approved (from January 2014 to the present).

The exhibit reflects a scenario wherein the Companies' waiver request is not approved. Specifically, the Companies understood that staff expected one scenario to reflect how much funding the Companies would need in order to make up for funding lost due to the denial of the waiver request (put another way, the amount of funding that the Companies would no longer receive, assuming they were forced to operate at the capped level of \$250 for support).

In the Support Revenues section of the Income Statement for that scenario, Federal High Cost Loop support – the amount of support available with the waiver annualized out through the end of December 2014 – is listed as [REDACTED]. (That amount is depicted as income, or a credit, and as a result is shown in parenthesis in the context of the Income Statement.) The [REDACTED] figure listed in the “High Cost Support Limit (\$250 cap) - HCL” provides the amount of funding ATU would lose if it were forced to operate without the waiver of the HCL cap. Consequently, the [REDACTED] difference between these numbers (i.e., [REDACTED]), is the amount of support ATU would only receive if the HCL cap were imposed and the waiver was denied. Similarly, in 2015, where the Federal High Cost Loop support amount is [REDACTED] and the High Cost Support Limit is [REDACTED], the amount of support would be lower still, at [REDACTED]. Yet another example of this decrease is apparent in 2016, where the difference between the [REDACTED] Federal High Cost Loop support amount and the [REDACTED] High Cost Support Limit is [REDACTED].

With regard to the High Cost Support Limit for Interstate Common Line Support (ICLS), the Companies face a similar shortfall. For example, the amount of support the Companies would receive without the waiver (i.e., the difference between the Federal High Cost Loop and the High Cost Support Limit (\$250 cap) – ICLS) is [REDACTED] in 2014; [REDACTED] in 2015; and decreases to [REDACTED] in 2020.

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October 9, 2014

These numbers reflect that the Companies cannot survive without continuing support at current levels. Denial of the waiver and/or a change in the amounts the Companies are currently receiving would result in ATU being unable to pay down its RUS debt. To illustrate, the Income Statement shows that denial of the waiver would result in an end-of-the-year net income loss of more than [REDACTED] (this amount is listed on the spreadsheet titled “ATU Consumption of WCC with CAM”) starting in 2015 absent the waiver. That loss amount would continue to grow in the following years. Taking on this level of loss would cripple the Companies and make it impossible for them to meet their financial obligations, including paying back the RUS loan.

Similarly, WCC’s revenues as reflected in the consolidated scenario requested by Commission staff show that the Companies would experience a combined loss of [REDACTED] (this amount is listed on the spreadsheet titled “Adak Eagle Enterprises – Consolidated”) by the end of 2015, and that amount would [REDACTED] the following years absent a waiver. Overall, the bottom line Net (Income)/ Loss Before Taxes amounts show that for the Companies to break even for this scenario, they would need a substantial amount of support each year, i.e., [REDACTED]

Finally, the Companies note that they are the only broadband provider on Adak Island. In fact, ATU owns the broadband infrastructure on Adak, and WCC owns the satellite dish and is the internet service provider for the island.

Should you have any questions concerning the foregoing information, please contact the undersigned.

Respectfully submitted,



Monica S. Desai
 Squire Patton Boggs (US) LLP
 2550 M Street, NW
 Washington, DC 20037
 202-457-7535

Counsel to Adak Eagle Enterprises, LLC; Adak Telephone Utility, LLC; and Windy City Cellular, LLC

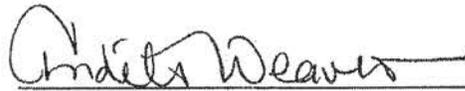
EXHIBIT 1 – Declaration of Andilea Weaver

DECLARATION OF ANDILEA WEAVER
ADAK EAGLE ENTERPRISES, LLC; ADAK TELEPHONE UTILITY, LLC; AND
WINDY CITY CELLULAR, LLC

I, Andilea Weaver, declare the following is true and correct to the best of my knowledge and belief:

I am the Chief Operations Officer of Adak Eagle Enterprises, LLC; Adak Telephone Utility, LLC; and Windy City Cellular, LLC (collectively, the Companies). I have reviewed the Companies' responses to the request for additional information posed by staff in the Wireline Competition Bureau of the Federal Communications Commission by telephone on September 29, 2014, and attest – under penalty of perjury – that the facts contained therein, as well as in the Exhibit submitted on September 30th, are known to me and are accurate.

Executed on this 9th day of October 2014.



Andilea Weaver
Chief Operations Officer
Adak Eagle Enterprises, LLC; Adak
Telephone Utility, LLC and Windy City
Cellular, LLC