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January 6, 2016

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: *Notice of Ex Parte Presentation - Atlantic Tele-Network*
Mobility Fund Phase II (WC Docket No. 10-90; WT Docket No. 10-208)

Dear Ms. Dortch:

On January 4, 2016, Atlantic Tele-Network, on behalf of itself and its operating entities Choice Communications, NTUA Wireless, LLC, and Commnet Wireless, LLC (collectively, "ATN"), met with staff from the Wireless Telecommunications Bureau to discuss the structure and implementation of Mobility Fund Phase II in the above-reference dockets. ATN met with James Schlichting, Sue McNeil, Paroma Sanyal, Matthew Pearl, Margaret Wiener, Rita Cookmeyer, Audra Hale-Maddox, and Gary Michaels. ATN was represented by Wade McGill, Vice President, U.S. Wireless Operations, Rohan Ranaraja, Director, Regulatory Compliance, and undersigned counsel.

In the meeting, ATN discussed its proposal for implementation of Mobility Fund Phase II, outlined in the attached slides, which were distributed to the attendees. ATN observed that its proposal has evolved in notable respects since its earlier meetings with the Bureau. Perhaps most significantly, ATN now proposes that currently unserved areas would be eligible for support only from the Expansion Fund. To the extent that bidders for unserved areas believe that they will need support for ongoing operations (in addition to support for capital expenses), bidders should include such operations support in their bids. This will allow the Commission to determine support for currently unserved areas through a single competitive bidding process. ATN makes this proposal in the interest of efficiency, but expresses no objection to an alternative process whereby bidders for currently unserved areas would bid separately on capital expenses and operations expenses.

In response to questions, ATN clarified that areas with two or more subsidized providers – and no unsubsidized providers – would be included in the Preservation Fund auction. ATN also indicated that a number of aspects of its proposal also could be approached in other ways

that would remain consistent with the central principles of the proposal. Specifically, in identifying areas for the Expansion Fund, undriveable roads could be removed by potential bidders in the challenge process, or retained and addressed through alternative methods of proof (as was done in Mobility Fund Phase I). In addition, the proposed terms of support and service obligations in the proposal are illustrative and could be modified.

This letter is filed consistent with the Commission's ex parte rules. Please direct any questions regarding this filing to the undersigned.

Sincerely,

/s/

L. Charles Keller
Counsel to Atlantic Tele-Network

Attachment

cc: James Schlichting
Sue McNeil
Paroma Sanyal
Matthew Pearl
Margaret Wiener
Rita Cookmeyer
Audra Hale-Maddox
Gary Michaels

Mobility Fund Phase II

Atlantic Tele-Network, Inc.
Choice NTUA Wireless, LLC
Commnet Wireless, LLC

January 4, 2016

ATN
Atlantic Tele-Network

choice

Commnet
Connecting Rural America

Basic Principles

- Extend wireless networks to areas where customers lack access to advanced wireless services.
- Identify areas previously receiving high-cost support where preservation of service depends on continued support.
- Provide support on an economically efficient basis, based on reverse auctions.

Basic Approach

- Two Funds; No Support for Areas With Unsubsidized Competitors
  - Capital Fund for expanding support into unserved areas
  - Preservation Fund for operating support in areas that receive support today only because of USF
  - No support from either fund for areas with unsubsidized competitors
- Capital Fund / Expansion Support
  - Census tracts lacking 4G service
  - Reverse auction for 2-year build-out term, dispersed as in Phase I
  - Bidding unit = road miles
  - Clear expectation that no additional support will be available for these areas
- Preservation Fund / Operating Support
  - Available only in Census tracts where:
    - 4G voice and data service is currently available
    - Existing provider of 4G service has received USF support for serving that Census tract
    - No unsubsidized provider is serving that Census tract
  - Separate budget and auction to ensure sufficient support goes to meeting FCC's stated goal of extending service to unserved areas

Capital Fund / Expansion Support

- Identify Census tracks lacking 4G voice and data service using FCC data + challenge process
  - Onus on bidder to remove undriveable roads
- Bidding unit should be road miles because purpose of Mobility Fund is to ensure availability of service wherever people live, work, and travel (not just where they live)
- Support recipients must build out 4G LTE service to the award area based on reasonable construction milestones adopted by the Commission
  - Proposed 2 years, with reasonable reductions in support commensurate with % of road miles covered
- Obligation to provide service for 10 years; no further support

Preservation Fund / Operating Support

- Identify Census tracts based on FCC data + challenge process:
  - Have received USF support
  - Existing 4G service
  - No unsubsidized provider
- One-time auction for 10-year term; no further support
- No “double-dipping” – Current support recipients must elect *either* to receive the rest of the phase-down of legacy support for an area *or* to offer the area for Preservation Fund support; no area will receive both

Exclusion of areas served by an unsubsidized competitor

- This is consistent with FCC approach elsewhere in post-*Transformation Order* universal service reform
- Also crucial from a budgetary perspective:
  - Areas with unsubsidized competitors will not generate the roaming revenues necessary to support cell sites in rural and low-traffic areas
  - Stated another way, there is no reason for the Commission to subsidize a roaming provider in an area where an unsubsidized carrier is available to provide roaming service

Budget

- Peg Expansion Support at no more than $400M per year (per April 2014 FNPRM)
- Limit Preservation Fund *and* resumption of phase-down to the total amount necessary for phase-down in Year 1 ($267M) and $200M thereafter
- The two funds must have *separate budgets* to prevent Preservation Fund and phase-down from scavenging support necessary to extend service to unserved areas
  - OpEx bids will always be less than CapEx bids; as a result, absent a separate auction/budget, no Unserved Areas are likely to be funded

Budget for Expansion Fund

- No more than $400M per year
  - Consistent with April 2014 FNPRM
- Total amount disbursed will be determined in the auction, with a $400M cap
  - If FCC speculation is correct that remaining 4G-unserved areas can be built out and maintained for less, reverse auction process should reveal this

Budget for Preservation Fund and resumption of phase-down of legacy support

- Annual amounts needed for completion of legacy phase-down:
  - Year 1: $239M
  - Year 2: $119M
- Total for Preservation Fund and phase-down in Year 1 should be $267M.
  - Much of that funding will go towards Preservation Fund support as legacy recipients elect to participate in Preservation Fund instead.
  - Nearly $67M is available in reserve from MF1 defaults.
- Thereafter, Preservation Fund should not exceed $200M per year