

*Via Electronic Comment Filing System*

February 23, 2016

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: *Notice of ex parte meeting of Gila River Telecommunications, Inc. and the National Tribal Telecommunications Association Connect America Fund, WC Docket No. 10-90*

Dear Ms. Dortch:

By this letter, and pursuant to Sections 1.1206 of the Commission's rules,<sup>1</sup> Gila River Telecommunications, Inc. ("GRTI"), and the National Tribal Telecommunications Association ("NTTA"), represented by the undersigned, provide notice of a February 19, 2016 meeting with Stephanie Weiner, Wireline Senior Legal Advisor, and Gigi Sohn, Counselor, for Chairman Tom Wheeler.

In the meeting, we discussed the rate-of-return proposal that is before the Commission and reiterated our position that the Tribal Broadband Factor ("TBF") should be included in the Order. We urged the Chairman's advisers that should the Commission decide to seek further comment on the TBF proposal, a commitment to completing the item by a date certain should be included. We suggested July, which would coincide with the implementation of the proposed changes to the rate-of-return mechanism.

At the meeting, we also indicated that we were assessing the impact of the proposed changes in the underlying rate-of-return reforms as set out by NTCA in their January 29, 2016 *ex parte* filing and subsequent filings discussing the reforms.<sup>2</sup> Attached is an initial estimate of the likely impact of the proposed reform on all rate-of-return carriers serving tribal lands. **The effect on carriers serving tribal lands is estimated to be a more than \$32 million reduction in support beginning in July 2016.** This at a time when the GAO and the President's Broadband Opportunity Council have recognized that costs to serve tribal lands are high and additional funding is needed to address the "connectivity desert" that is tribal lands.

We would note that in regards to operating expense limits, NTCA and US Telecom proposed that "any regression formula should use no less than two standard deviations to establish such operating limits."<sup>3</sup> As we have learned subsequent to our meeting that part of the

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<sup>1</sup> 47 C.F.R. § 1.1206.

<sup>2</sup> Letter from Michael R. Romano, Senior Vice President – Policy, NTCA – The Rural Broadband Association, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 10-90 (filed Jan. 29, 2015).

<sup>3</sup> *Id.*

proposal has been reduced to 1.5 standard deviations, which is a substantial impact. The attached analysis includes the 1.5 standard deviation calculation for operating expense limits.

Please direct any questions to the undersigned.

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# National Tribal Telecom Association

## Preliminary Analysis: FCC USF Reforms on RoR Carriers Serving Tribal Lands

### RoR Impact: 11.25% to 9.75%

Combined HCLS & ICLS Under DCS Plan (all carriers; no cap):	\$	348,078,762
3.5% Effective Annual Impact: RoR Component		3.50%
Subtotal	\$	12,182,757
6-Year Phase In		6
Annual Impact: All RoR Carriers Serving Tribal Lands	\$	2,030,459
Estimated/Weighted Average Study Area Percent Tribal		33%
Effective Annual Impact: All RoR Carriers Serving Tribal	\$	670,052

### OpEX Caps Using Double Log Regression Analysis

Impacted NTTA Co's:		
GRTI	\$	(1,489,356)
Ft. Mojave	\$	(105,599)
MATI	\$	(508,446)
	\$	(1,997,802)
Percent Disallowance		-17.74%
Extrapolated to All RoR Carriers Serving Tribal Lands	\$	(16,298,861)
Average Disallowed Cost Recovery		-75%
Projected Annual Impact	\$	12,224,146

### CapX Caps

- 1) Capital Budget Mechanism Assumes \$4M Floor for All RoR Companies Serving Tribal Lands
- 2) Any Amount of Disallowed CapX in Given Year is Carried Over

Estimated Impact to RoR Carriers Serving Tribal Lands: \$ -

### DOBB Service Analysis

#### Assumptions

Number of NTTA Member ILECs Currently Offering DOBB Service	2
Percent NTTA Members Offering DOBB Service	25%
Company 1 Percent of Customers Taking DOBB Service	15%
Company 2 Percent of Customers Taking DOBB Service (Estimated)	50%
Estimated Percent DOBB Offered in RoR Carriers Serving Tribal Lands	25%
Access Lines: RoR Carriers Serving Tribal Lands	419,798
Round Up/Unfound Data/Margin of Error	15%

#### Calculation:

	<u>DOBB</u>	<u>Voice</u>
Estimated Total Lines in RoR Areas Serving Tribal Lands (Tribal & Non-Tribal)	482,768	482,768
Percent RoR Carriers Serving Tribal Lands Offering DOBB Service	25%	
Percent RoR Carriers Serving Tribal Lands Offering Voice Service		75%
Estimated/Weighted Average Study Area Percent Tribal	33%	33%
Projected Tribal Lands DOBB Lines in RoR Areas	39,828	
Projected Tribal Lands Voice Lines in RoR Areas		119,485
Threshold Under Proposed USF Reforms Unfunded per Month ("NACPL-Comparable")	\$ 42.00	
Threshold Under Current USF HCLS Mechanism ("NACPL") Unfunded per Month		\$ 62.09
Number of Month's	12	12

Est. Annual DOBB Service Unfunded in Tribal Areas Served by RoR Carriers	\$ 20,073,481	
Est. Annual Voice Service Unfunded in Tribal Areas Served by RoR Carriers		\$ 89,022,363

**Total Annual Projected Impact: New USF Reforms on RoR Carriers Serving Tribal Lands** \$ 32,967,678