

February 29, 2016

VIA ECFS

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

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

Dear Ms. Dortch:

On Thursday, February 25, 2016, Atlantic Tele-Networks, on behalf of itself and its operating entities Choice Communications, NTUA Wireless, LLC, and Commnet Wireless, LLC (collectively, "ATN"), met separately with advisors to each of the Commissioners, copied below, to discuss the structure and implementation of Mobility Fund Phase II in the above-reference dockets. We also met with the staff of the Wireless Telecommunications Bureau ("Bureau") copied below. In all of these meetings, ATN was represented by Louis Tomasetti, President and CEO of Commnet; Wade McGill, Vice President, U.S. Wireless Operations; Rohan Ranaraja, Director, Regulatory Compliance; and undersigned counsel.

In the meetings with the Commissioners' advisors, our presentations followed the attached slides, which were distributed to the meeting attendees. In those meetings, as well as the meeting with the Bureau, we urged the Commission to move ahead with implementation of Mobility Fund Phase II without further delay. We noted that the shapefile information that the Commission has recently begun collecting from wireless carriers with FCC Form 477 is much more accurate than carriers' retail coverage maps. For example, the instructions require that carriers report coverage boundaries accurate to 100 meters.¹ Any inaccuracies in the Commission's current coverage data can be resolved through a robust challenge process similar to the one that the Commission used for Connect America Fund Phase II. A challenge process will allow the Commission to refine its coverage data to a very granular level. Thus, the Commission has the data that it needs to move forward with Mobility Fund Phase II without

¹ FCC Form 477 Resources, "How Should I Format My Mobile Broadband Deployment Data?" at 2, available at https://transition.fcc.gov/form477/MBD/formatting_mbd.pdf.

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further delay. We also argued that it would disserve the public interest for the Commission to postpone implementation of a more targeted Mobility Fund to ensure the expansion of mobile coverage into currently unserved areas while it explores ways to collect more precise data. Such delay would be unnecessary for the reasons just explained, and rural Americans simply cannot wait any longer to obtain the public safety, economic, and other benefits of mobile services.

Sincerely,

/s/

L. Charles Keller

Attachment

cc: Stephanie Weiner Jim Schlichting
Rebekah Goodheart Margie Weiner
Travis Litman Sue McNeil
Nicholas Degani Matthew Pearl
Amy Bender Paroma Sanyal
Erin McGrath Eliot Maenner
 Audra Hale-Maddox

Mobility Fund Phase II

Atlantic Tele-Network, Inc.

Choice NTUA Wireless, LLC

Commnet Wireless, LLC

February 25, 2016



choice



Atlantic Tele-Network Companies

- Commnet: Builds wireless networks and provides wholesale (roaming) services, in areas where national carriers find it uneconomic. (MF1 recipient.)
- NTUAW: Navajo-owned joint venture, offers wireless voice and broadband (mobile and fixed) and Lifeline on Tribal lands.
 - NTUAW's Lifeline offering provided first competitive alternative and substantially raised the bar.
- Choice USVI: Wireless voice/data and Lifeline services in the US Virgin Islands.
- Relatively recent participant in high-cost USF; does not draw significant legacy support.

Basic Principles

- Extend wireless networks to areas where customers lack access to advanced wireless services.
 - The Commission recently concluded that consumers “require access to both fixed and mobile broadband,” that 1.7M Americans lack access to LTE, and that 53% of Americans lack access to LTE at 10 Mbps.
- 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 service today only because of USF
 - No support from either fund for areas with unsubsidized competitors
 - If an area is served by two or more subsidized providers, the area is included in the auction.
- Capital Fund / Expansion Support
 - Census tracts lacking 4G LTE 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:
 - voice and 4G LTE data service is currently available
 - Existing provider of 4G LTE 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 voice and 4G LTE data service using FCC Form 477 shapefile data + challenge process
 - Similar to Phase I, but with better coverage data as starting point
- Bidding unit should be road miles because:
 - Purpose of Mobility Fund is to ensure availability of service and emergency access wherever people live, work, and travel (not just where they live).
 - Another Fund (CAF) is focused on residential/business fixed locations; purpose of Mobility Fund is different and should not just be a duplicative network.
- 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 fixed term; no further support

Preservation Fund / Operating Support

- Identify Census tracts based on FCC Form 477 shapefile data + challenge process:
 - Have received USF support
 - Existing 4G LTE 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 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 provider in an area where an unsubsidized carrier is available to provide service

Separate Budgets

- 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
- Recent 706 Report suggests more investment may be needed to meet consumers' needs

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