



COMMUNICATIONS

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October 27, 2008

Federal Communications Commission
445 12th Street, SW
Washington DC 20544

The Honorable Kevin Martin, FCC Chairman
The Honorable Deborah Taylor Tate, FCC Commissioner
The Honorable Michael Copps, FCC Commissioner
The Honorable Jonathon Adelstein, FCC Commissioner
The Honorable Robert McDowell, FCC Commissioner

**RE: Written Ex Parte Filed in the Proceedings Captioned in the Matters of:
Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92;
High-Cost Universal Service Support, WC Docket No. 05-337; and Federal-State
Joint Board on Universal Service, CC Docket No. 96-45.**

This is to urge the Federal Communications Commission ("FCC") to not impose a freeze on Universal Service Fund ("USF") support for rate of return rural telecommunications carriers, as such a freeze, universally applied, might wreak harm on many rural carriers and could easily end Sacred Wind Communications' operations in its remote service territory.

Sacred Wind Communications, Inc. ("SWC") is responding to the FCC's proposal to freeze high cost loop support at 2006 levels, and seeks relief by way of a "safety valve" or other mechanism if SWC is to survive as an operating local exchange carrier in an extremely high cost area of the West. SWC is in a unique and precarious position as a young rural telecommunications company just beginning to expand services to a large unserved tribal area where population densities are some of the lowest in the country and income levels are nearly the lowest in the country. SWC is embarked on a significant expansion project to increase telephone penetration on the Navajo reservation and near-reservation lands from the abysmally low current rate to ninety percent (90%) by December 2011.

SWC purchased Qwest Corporation's "last mile" copper network, and with it 2,400 customers, within 3,200 square miles of Navajo Lands in northwestern New Mexico on December 15, 2006. Because SWC was operational for only sixteen days of 2006 and incurred a relatively low amount of operational expenses by the end of 2006, SWC's USF eligible support was minimal and cannot support services in a high cost area experiencing significant network expansion.

This introduction of telecommunications services to vast unserved areas can only be compared to the initial expansion of telephone services to rural America in the early part of the Twentieth Century. Since December 2006, SWC has added approximately 300 new customers by extending its copper facilities to Navajo homes where no rights of way authorizations were required by either the Navajo Nation or Bureau of Indian Affairs. The remaining expansion to the 6,500 unserved Navajo homes within SWC's service territory, unreachable by landline, must be accomplished by fixed wireless local loop technology. As part of its backbone network, SWC has built or purchased six (6) telecommunications towers since 2007 and is in the process currently of building another nine (9) towers, which will then complete its backbone microwave network. As the backbone network is being completed, SWC is designing the next level of its fixed wireless system: aggregation poles that will receive capacity from the backbone and transmit it 20-25 miles to subscribers' homes. This second stage of construction will be done geographically, Navajo local chapter by chapter, and is a considerable telecommunications construction project. Additionally, SWC built a central office and installed a central office switch in its Yatahey headquarters area in 2007, and built an identical one in its northern exchange, 120 miles away from its headquarters, in 2008.

Using low interest funds from an USDA-RUS construction loan, SWC plans to extend its telecommunications facilities, delivering basic, advanced, and broadband services to the 6,500 unserved Navajo homes within its service territory by December 2011. As required by the USDA-RUS, SWC is nearing completion of its field trial of Airspan radio equipment using 3.65 Ghz licensed radio spectrum as a necessary step prior to the expansion of its fixed wireless system to subscribers. In other words, SWC's largest expansion, which will incur its largest capital expenditures and greater per-customer operational costs, will occur from 2009 through 2011. SWC absolutely could not continue to build out services to the thousands of homes in its territory if USF support were curtailed at a level below what SWC requires to serve an expanded customer base. SWC could not survive as an operating company if USF support were frozen either at 2006 levels or at 2008 levels. The vast majority of SWC's customers, nearly half of whom are Tribal Lifeline eligible, cannot afford appreciably higher rates.

Thank you for your consideration in this most important matter. Adequate USF support is critical to the very survival of telecommunications services to tribal lands in our area.

Respectfully,



John Badal, CEO

cc: Ms. Amy Bender Chairman Martin's Office
Mr. Nicholas Alexander Commissioner McDowell's Office
Mr. Scott M. Deutchman Commissioner Copp's Office
Mr. Scott Bergmann Commissioner Adelstein's Office
Mr. Greg Orlando Commissioner Tate's Office

