Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	

COMMENTS OF GVNW CONSULTING, INC.
CAF PHASE I PUBLIC NOTICE

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INTRODUCTION AND BACKGROUND

In its *USF/ICC Transformation Order*, the Commission seeks to comprehensively reform and modernize the universal service and intercarrier compensation systems. As a part of this *Transformation Order*, the Commission established a transitional mechanism to distribute high cost universal service support to price cap carriers, known as the Connect America Fund Phase I. The espoused public policy goal of this CAF Phase I incremental support is to provide an immediate boost to broadband deployment in areas that are unserved by any broadband provider.

The purpose of these comments is to respond to the Commission's *CAF Phase I Public Notice* that was released on February 6, 2012. In the instant *CAF Phase I Public Notice*, the Wireline Competition Bureau seeks comments on potential data that can be used as inputs to the equation that will be used to implement Connect America Fund Phase I incremental support and on a list of wire centers for price cap carriers that would be eligible to receive CAF Phase I incremental support.

GVNW Consulting, Inc. (GVNW) is a management consulting firm that provides a wide variety of consulting services, including regulatory and advocacy support on issues such as universal service, intercarrier compensation reform, and strategic planning for communications carriers in rural America. We are pleased to have the opportunity to offer comments addressing the issues the Commission has raised in the Public Notice.

EQUITY CONSIDERATIONS REQUIRE ALL PRICE CAP AREAS TO BE CONSIDERED IN THE INITIAL REVIEW

In the *USF/ICC Transformation* Order and Further Notice of Proposed Rulemaking, the Commission developed a preliminary list of wire centers for price cap carriers.[1] In the *CAF Phase I Public Notice*, the Commission seeks comments to identify errors or omissions in the preliminary list.[2] GVNW has identified eight instances where the company name listed under "Holding Company / Common Control" does not match the subsequent SAC code. GVNW respectfully requests that the wire centers listed under the holding company PTI Pacifica Inc. be changed to Micronesian Telecommunications Corporation.

Holding Company / Common Control	SAC	OCN	Loc Name	ST	CLLI
Micronesian Telecommunications Corporation	653700	3700	SONG SONG	MP	ROTANNXARS1
Micronesian Telecommunications Corporation	653700	3700	CAPITOLHL	MP	SPSNNNXARS1
Micronesian Telecommunications Corporation	653700	3700	AIRPORT	MP	SPSNNNXBRS1
Micronesian Telecommunications Corporation	653700	3700	GUALO RAI	MP	SPSNNNXCRS1
Micronesian Telecommunications Corporation	653700	3700	KAGMAN	MP	SPSNNNXDRS1
Micronesian Telecommunications Corporation	653700	3700	SUSUPE	MP	SPSNNNZBDS1
Micronesian Telecommunications Corporation	653700	3700	TINIAN	MP	TNINNNXADS1
Micronesian Telecommunications Corporation	653700	3700	SINAPALO	MP	ROTANNXARS2

[1] *Connect America Fund*, WC Docket No. 10-90, *et al*., Report and Order and Further Notice of Proposed Rulemaking, FCC11-161, para. 129 (rel. Nov. 18, 2011).

[2] *CAF Phase I Public Notice*, para. 5 (noting that the proposed list is available at http://hraun.fcc.gov/edocs_public/attachment/DA-12-137A2.xls).

THE WINDSTREAM DATA SET IS INCOMPLETE DUE TO THE AREAS THAT IT EXCLUDES

In the *Transformation Order* at paragraph 193, the Commission noted that: "*price cap carriers serving Alaska, Hawaii, Puerto Rico, the U.S. Virgin Islands and Northern Marianas Islands argue they face operating conditions and challenges that differ from those faced by carriers in the contiguous 48 states*."

These operating conditions and challenges are evidenced in the situation facing the Micronesian Telecommunications Corporation (MTC). MTC faces operational challenges serving islands in the Pacific Ocean, which increase its cost to serve customers.

At paragraph 4 of the instant Public Notice, the Commission "*observes that Windstream's submission does not purport to provide data for all wire centers. For example, Windstream has not provided data for Alaska or the U.S. Territories*." Since Windstream has been working on its data filing and modeling for many months, we find this exclusion disturbing. GVNW noted in its reply comments on the *USF Further Notice* at page 8 that "*Windstream self-servingly seeks to take funds away from rural areas by asserting that money is being taken away from price cap areas*. . ." It now seems that this strategy is being applied to other price cap areas in high-cost to serve areas such as the Northern Marianas Islands. We note the phrase in the March 9, 2012 Windstream ex parte filing in this proceeding: *". . . because $775 per unserved location may be insufficient to offset the costs to serve many of the carriers' remaining, truly high-cost unserved locations*." Is Windstream's strategy to tilt the playing field in its favor by excluding from the analysis high cost areas that might compete with their territory for CAF Phase I support?

Also in paragraph 4 of the Public Notice, the Commission notes that the Bureau has "*delegated authority to exclude such areas from the analysis for CAF Phase I incremental support if we conclude that we do not have appropriate data available.*" At this point, we reference the balance of paragraph 193 in the *Transformation Order,* where the Commission directed the Wireline Competition Bureau "*to consider the unique circumstances of these areas*[3] *when adopting a cost model, and we further direct the Wireline Competition Bureau to consider whether the model ultimately adopted adequately accounts for the costs faced by carriers serving*[4] *these areas. If, after reviewing the evidence, the Wireline Competition Bureau determines that the model ultimately adopted does not provide sufficient support to any of these areas, the Bureau may maintain existing support levels, as modified in this Order, to any affected price cap carrier, without exceeding the overall budget of $1.8 billion per year for price cap areas*."

We respectfully request that the WCB thoroughly consider and analyze the impacts relative to CAF Phase I incremental support on carriers in insular territory.

[3] *Price cap carriers serving Alaska, Hawaii, Puerto Rico, the U.S. Virgin Islands and Northern Marianas Islands.*

[4] We encourage WCB staff to consider adding a variable such as percentage of water in service area to account for the carriers such as Micronesian Telecommunications Corporation that serve customers across multiple islands in the ocean.

Respectfully submitted,

Via ECFS at 3/19/12

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