

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

DECLARATION OF JOHN SCANLAN  
FOR EATEL APPLICATION FOR REVIEW  
OF ACTION TAKEN PURSUANT TO DELEGATED AUTHORITY

I, John Scanlan, hereby make the following declarations, under penalty of perjury, in support of the foregoing Application for Review of Action Taken Pursuant to Delegated Authority and Motion for Stay:

1. I am President and Vice Chairman, for East Ascension Telephone Company (“EATEL”), and I am familiar with EATEL’s telecommunications operations, including its cost structure and reliance on Universal Service Fund support.

2. EATEL is a provider of incumbent local exchange telephone services in southern Louisiana. It is a family-owned and operated company that has been providing a wide range of telecommunications services to Ascension and Livingston Parish communities for more than 75 years. EATEL Acquisition, LLC, a wholly owned subsidiary of EATEL’s parent company and an affiliate of EATEL, purchased SJI, LLC (parent company of Lafourche Telephone Company), which does business as Vision Communications in January 2012, through which EATEL provides incumbent local telecommunications services, cable operations, and competitive local exchange services to a service area throughout southeastern Louisiana, extending from lower Livingston

Parish to southern Jefferson Parish. EATEL, through East Ascension Telephone Company, LLC, provides service to 26,725 access lines and provides broadband service to 21,291 customers.

3. Providing service in southern Louisiana provides unique challenges due to weather and geography. Because of its proximity to the Gulf Coast and the damage caused to its telecommunications plant by hurricane winds and flooding, EATEL has been forced to design and operate its network to withstand these extreme weather conditions. In the past high winds from hurricanes have significantly damaged the company's aerial plant facilities, which has caused the company to bury as much as of its cable facilities as possible. Moreover, the majority of EATEL's serving area is in a floodplain, so central offices and remote electronic sites must be constructed at heights sufficient to avoid flooding. Backup power sources and fuel must be installed and maintained for 100% of the electronic sites during these outages. In past major storms such as Betsy, Katrina, and Gustav, there has been widespread power loss lasting weeks. Finally, water intrusion in cable buried in low-lying areas occurs and requires rehabilitation/replacement of damaged cables.

4. The existing and ongoing costs of serving southern Louisiana are determined by the weather and geographical challenges of this Gulf Coast region. In 1965 Hurricane Betsy struck EATEL's serving area and completely destroyed the aerial plant. As the company recovered and rebuilt its infrastructure almost all new facilities were buried to avoid such future catastrophes.

5. Many of EATEL's network changes have facilitated other network technological advances that have particularly benefitted consumers in southern Louisiana. In the late

1980s and early 1990s EATEL converted all switches to digital. Beginning in the mid 1990s the company also began designing carrier serving areas with copper loops of 18,000 (eighteen thousand) feet or less in anticipation of digital Centrex services and DSL. The company began offering DSL in 2000. Deploying DSL to EATEL customers required more remote electronic sites, more fiber constructed to those sites, and more power systems to maintain. By 2004, growing customer demand for broadband and DSL network design/operational challenges motivated the company to select a fiber-to-the-home platform as the future broadband delivery mechanism. The value of this effort was poignantly realized when Hurricane Katrina hit EATEL's serving area in late August 2005 because customers who had EATEL's fiber-based services at their homes or businesses never lost service if they had generators to power their phones and computers. In fact, EATEL's service area even became a government agency and emergency services gathering point after both Hurricane Katrina and the British Petroleum spill.

6. From 2005 through 2010 EATEL continued to build fiber-to-the home throughout its serving area. By 2007, EATEL followed the industry and switched to GPON as the primary FTTH delivery mechanism. Despite the FTTH network advances that EATEL has deployed in the last seven years, which has enabled many EATEL customers to enjoy the benefits of faster and more reliable broadband services, thousands of EATEL's customers remain on the traditional copper-based network. As a result, EATEL is essentially operating and maintaining both copper and FTTH networks (in the case of FTTH, both BPON and GPON technologies). As customers migrate from copper to fiber, typically by purchasing higher broadband services, the copper maintenance costs do not disappear. Only when the last copper-fed customer in a remote site is converted

will EATEL be able to eliminate the costs associated with maintaining the electronics and power of a copper plant, and only on a site-by-site basis. EATEL engineers are actively engaged in identifying areas where copper utilization is low and is engaging in activities to convert the few remaining copper-fed customers to fiber. The company has been able to retire several such sites and save on the maintenance expenses related to each, but this is a migration which may take many years to complete.

7. EATEL seeks review of the Order (DA 12-646) by the full Commission of the Order, which was adopted by the Wireline Competition Bureau (“Bureau”), and released, on April 25, 2012 in the following dockets: *Connect America Fund*, WC Docket No. 10-90, *High-Cost Universal Service Support*, WC Docket No. 05-337. EATEL also requests that the Bureau’s Order be stayed pending the Commission’s review of the Order.

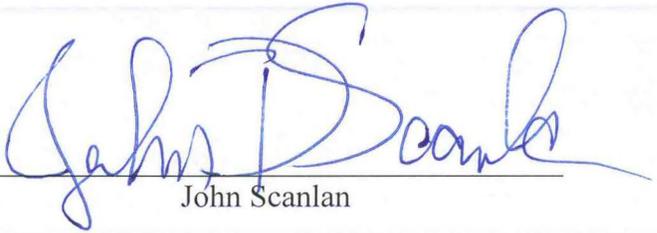
8. EATEL believes the Bureau has committed numerous critical errors throughout its process of setting benchmarks for reducing HCSL. EATEL further believes that if the errors were corrected, a reliable quantum regression analysis (“QRA”) would show that the Bureau’s 90% opex per-loop estimate is above EATEL’s actual current opex, which is what EATEL found, for example, when it performed its own test of the Bureau’s QRA using total unseparated costs and excluding taxes.

9. EATEL’s High Cost Loop Support (“HCLS”) receipts for 2011 were \$17,398,768. Under the benchmarks adopted by the Bureau, EATEL’s annual HCLS draw will be reduced by \$12,766,899, roughly 73.4 percent. This in turn will reduce EATEL’s operating cast by nearly one-third. The suddenness of this change is as devastating as the magnitude of the support involved. EATEL had calculated that under

the proposed QRA, it would have only suffered a reduction of approximately \$540,968 of its annualized HCLS.

10. EATEL urges the Commission to grant its Application For Review Of Action Taken Pursuant To Delegated Authority and its Petition for Stay.

I declare under penalty of perjury that the foregoing is true and correct to the best of my information, knowledge, and belief, as of the date of this declaration.



John Scanlan

Executed: May 25, 2012