

December 6, 2012

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

Re: **Ex Parte Notice - WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208. Petitions for Waiver – Adak Eagle Enterprises and Windy City Cellular**

Dear Ms. Dortch:

This letter memorializes ex parte conversations that took place on December 5 and 6, 2012, between Monica Desai, counsel to Adak Eagle Enterprises, LLC (“AEE”) and Windy City Cellular, LLC (“WCC”), and the following staff of the Federal Communications Commission: Angela Kronenberg, Advisor to Commissioner Clyburn (Dec. 5), Priscilla Delgado Argeris, Advisor to Commissioner Rosenworcel (Dec. 6), and Nicholas Degani, Advisor to Commissioner Pai (Dec. 6). The discussions focused on the Petitions for Waiver filed by AEE and WCC.<sup>1</sup> This letter also responds to the ex parte filed by General Communications, Inc. (“GCI”) on December 3, 2012,<sup>2</sup> and memorializes concerns expressed by the undersigned on December 5, 2012, to Michael Steffen, Advisor to Chairman Genachowski, Julie Veach, Chief of the Wireline Competition Bureau, and Ruth Milkman, Chief of the Wireless Telecommunications Bureau.

(1) **Interim Relief Expires on December 15; AEE and WCC Remain Committed to Providing the FCC Whatever Information It Needs to Render a Decision Resulting In Quality Service to Adak Island.**

Larry Mayes, AEE’s and WCC’s founder and CEO, and Andilea Weaver, the companies’ COO, each made extraordinary sacrifices – both financially and in terms of time and labor – to invest in

<sup>1</sup> See Petition for Waiver of Adak Eagle Enterprises, LLC, WC Docket No. 10-90, *et al.*, filed May 22, 2012 (“AEE Petition”); Petition for Waiver of Windy City Cellular, LLC, WC Docket No. 10-90, *et al.*, filed April 3, 2012 (“WCC Petition”).

<sup>2</sup> See Letter from John T. Nakahata, Counsel for GCI, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, filed December 3, 2012 (“GCI Dec. 3 Ex Parte”).

AEE and WCC and literally build the companies from scratch. As noted previously, Mr. Mayes used his retirement funds, family savings, and small loans from banks, and maxed out his credit cards to found AEE.<sup>3</sup> Because the company did not have any credit when first founded, Mr. Mayes refinanced his home, and Ms. Weaver withdrew money from her 401(k), in order to provide office space to house AEE's operations.<sup>4</sup> Moreover, Mr. Mayes worked tirelessly to physically construct the network and infrastructure necessary to provide reliable, comprehensive service in one of the country's most remote areas despite facing significant obstacles, including severe weather conditions, a short construction season, the high cost of shipping supplies, rat infestation, and the harsh terrain on Adak Island. Mr. Mayes and Ms. Weaver are personally committed to providing quality service to their customers.

AEE and WCC have always made clear to the Commission, since before even filing their waiver requests, that they would gladly provide any information that staff desired. The companies recognize and appreciate that staff is dealing with difficult and complicated issues, and have never once protested a single Commission request for information. The companies have endeavored to rapidly and comprehensively respond to any request for information. And, the companies have repeatedly implored staff to let the undersigned know if there are any lingering concerns or questions. They remain committed to providing any additional information staff desires, and will gladly elaborate on any information previously submitted.

As documented in the Petitions for Waiver and in numerous subsequent filings, the funding cuts have had a severe destabilizing impact on both AEE and WCC. AEE and WCC have been unable to plan budgets, have been unable to determine whether they can invest in infrastructure or even spend money on routine maintenance, have been unable to explain to RUS what their longer-term financial situation and ability to pay their loans will be, and have been forced to lay off employees one by one as their cash reserves are depleted. An additional employee (a customer service representative) was laid off on Monday, December 3, bringing the total job cuts to seven.

Indeed, from the perspective of AEE and WCC, tiny companies providing vital service in one of the country's most remote areas, the flash-cuts and subsequent waiver process have been extremely difficult. The Commission provided for a 90-day waiver process to address proposals that "have a disproportionate or inequitable impact on any carriers (wireline or wireless) serving Alaska."<sup>5</sup> As of today, December 6, it has been 247 days since the WCC Petition was filed and 198 days since the AEE Petition was filed. While WCC appreciated the interim relief that has allowed it to survive in the face of the Commission's 84% flash cut in funding, that temporary funding expires in one week. Without long-term relief, the companies will not be able to survive.

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<sup>3</sup> See Letter from Monica Desai, Counsel for WCC, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, ATU Story, filed May 21, 2012 ("WCC May 21 Ex Parte") (describing the founding of AEE). A copy of the ATU Story is attached hereto as Exhibit 1.

<sup>4</sup> See Letter from Monica Desai, Counsel for AEE and WCC, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, 5, filed August 20, 2012.

<sup>5</sup> See *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, 26 FCC Rcd 17663, ¶¶ 508, 544 (2011) ("*USF/ICC Transformation Order*").

The undersigned highlighted recent remarks made by Commissioner Rosenworcel and Commissioner Pai regarding the need for a stable, predictable, and transparent USF process. In particular, Commissioner Rosenworcel noted:

... [The Commission's] reforms to the high-cost universal service system are extremely complex. I fear that this complexity can deny rural carriers dependent on them the certainty they need to confidently invest in their network infrastructure. So when opportunities arise to simplify our rules in a manner that is fiscally sound, good for investment, and good for rural consumers – I think we should seize them.<sup>6</sup>

Commissioner Rosenworcel further emphasized the importance of ensuring that the Commission “have in place a more predictable system that provides carriers with more confidence to invest in broadband infrastructure.”<sup>7</sup>

Commissioner Pai recently expressed a similar sentiment, noting:

... [F]uture funds need to be stable and predictable so that companies can make long-term investments. Our rules of the road can't change every year or two, and Washington's funding formulas for carriers shouldn't redistribute money annually in an arbitrary or haphazard manner. We also need a transparent system for distributing funds, one that companies can understand to plan their investments and that government watchdogs can follow to guard against waste, fraud, and abuse. And simplicity is essential if the system is going to work; we cannot create a regulatory framework so complicated that the only people who understand it work at the FCC.<sup>8</sup>

The statements by Commissioners Rosenworcel and Pai are consistent with promises made by the Commission in implementing the National Broadband Plan, and specifically with respect to USF reform, that there should be no flash-cut implementation of new rules:

No flash cuts. New rules should be phased in over a reasonable time period. Policymakers must give service providers and investors time to adjust to a new regulatory regime.<sup>9</sup>

The undersigned emphasized that the staggering 84% flash-cut reduction to WCC's funding, effective immediately and without warning under the *USF/ICC Transformation Order*,<sup>10</sup> and the rapid phase down in funding associated with AEE, are inconsistent with the idea of a stable and predictable funding environment that allows service providers to adjust to a new regime.

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<sup>6</sup> *Connect America Fund, et al.*, WC Docket No. 10-90, *et al.*, Fifth Order on Reconsideration, Statement of Commissioner Jessica Rosenworcel (rel. Nov. 16, 2011).

<sup>7</sup> *Id.*

<sup>8</sup> Opening Remarks of Commissioner Ajit Pai at Rural Broadband Roundtable, Oswego, Kansas, September 6, 2012.

<sup>9</sup> Federal Communications Commission, Omnibus Broadband Initiative, Connecting America: The National Broadband Plan, GN Docket No. 09-51, 143 (2010) (emphasis added).

<sup>10</sup> See *USF/ICC Transformation Order*, n.880.

**(2) Response to GCI Ex Parte.**

AEE and WCC have been forced to respond to multiple filings made by GCI, inappropriately urging the Commission to allow AEE and WCC to go bankrupt so that GCI can acquire their RUS and USF-funded facilities for pennies on the dollar.<sup>11</sup> In its most recent filing, GCI asserts in its ex parte that (1) in response to a question from the Chairman's office, "GCI remained committed to serving Adak Island at the \$3,000 per line annual cap on high cost support," and (2) "GCI has not suffered a recent outage between Adak Island and the rest of Alaska." AEE and WCC address each of these assertions in turn.

**(A) The Commission Must Critically Question GCI's Claim That It "Remained Committed" to Serving Adak Island at the \$3,000 Per Line Annual Cap on High Cost Support.**

As emphasized by AEE and WCC in prior filings,<sup>12</sup> the Commission must critically investigate GCI's claim that it "remained committed" to serving Adak Island at \$3,000 per line. AEE submitted information into the record of this proceeding that GCI's line counts may have been artificially driven up by promotional offers that resulted in end users, both individuals and organizations, taking lines that are not actually used for service.

For example, Mr. Lockett, the City Manager for the City of Adak, testified that the City of Adak pays for service from GCI for five telephone lines but "the service from GCI is not actually used."<sup>13</sup> Mr. Lockett further testified that the City signed the contract for five lines "in order to gain the mileage that was being offered by GCI as a promotion"<sup>14</sup> in conjunction with Alaska Airlines. Mr. Lockett also stated that GCI returned to the City in April 2012 running a similar promotion, and he concluded that "it was still cheaper to renew the contract with GCI for five cellular lines that we

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<sup>11</sup> See Letter from John T. Nakahata, Counsel for GCI, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, filed September 11, 2012; Letter from John T. Nakahata, Counsel for GCI, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, filed August 29, 2012 ("GCI Aug. 29 Ex Parte"); Letter from John T. Nakahata, Counsel for GCI, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, filed August 23, 2012; Letter from John T. Nakahata, Counsel for GCI, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, filed August 6, 2012; Letter from Megan Delany, GCI, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, filed July 30, 2012; Letter from John T. Nakahata, Counsel for GCI, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, filed July 30, 2012; Comments of GCI, WC Docket No. 10-90, *et al.*, filed July 2, 2012.

<sup>12</sup> See Letter from Monica S. Desai, Counsel for AEE and WCC, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, filed September 4, 2012 ("AEE/WCC Sept. 4 Ex Parte"); Letter from Monica S. Desai, Counsel for AEE and WCC, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, filed September 17, 2012 ("AEE/WCC Sept. 17 Ex Parte").

<sup>13</sup> See AEE/WCC Sept. 4 Ex Parte, Attachment 3, Declaration of Layton J. Lockett, ¶ 2 (emphasis added). The Declaration of Layton J. Lockett was again provided with the Sept. 17 AEE/WCC Sept. 17 Ex Parte as Attachment 2.

<sup>14</sup> *Id.*

won't use rather than purchase airline mileage."<sup>15</sup> Although the City of Adak experimented with using GCI's wireless service for its E911 system, the City switched to WCC's service less than a week later when GCI's service went down.<sup>16</sup> Mr. Lockett explained that he had to plea with GCI's management in Unalaska to have the network rebooted since GCI has no presence on Adak Island.<sup>17</sup> The City switched its E911 system to WCC's service since, unlike GCI, the company has staff on the island who can respond immediately if problems arise.<sup>18</sup>

It appears that GCI also made multiple lines available to individuals on Adak Island that also are not being used. As Mr. Lockett explained, "I decided to personally sign up for the GCI promotion by purchasing five lines. Paying for GCI service (all five lines) is less expensive than paying for the equivalent mileage and/or flights to/from Adak Island . . . I also received five smart phones . . . valued at over \$200 each . . . Four of those phones I have in storage, though I did give one to a family member who does not live on Adak . . ."<sup>19</sup>

Moreover, although GCI never stepped forward when it was apparent the Adak telecommunications plant needed rebuilding and has never invested in robust infrastructure on Adak Island, GCI has previously asserted that the Commission should rest assured that GCI will protect Adak Island and "will not let Adak Island 'go dark.'"<sup>20</sup> Moreover, GCI has made only minimal long-term investments in telecommunications infrastructure on the island and maintains no presence there,<sup>21</sup> while at the same time it presumably receives greater USF support than WCC based on the number of lines reported to USAC, regardless of whether those lines are actually being used.<sup>22</sup>

Also, WCC provides comprehensive coverage across the entire island, including into remote areas and into the sea, where government researchers, public safety personnel, fishermen and others

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<sup>15</sup> *Id.*, ¶ 3.

<sup>16</sup> *See id.*, ¶ 5.

<sup>17</sup> *See id.*

<sup>18</sup> *See id.*

<sup>19</sup> *Id.*, ¶ 7.

<sup>20</sup> *See* GCI Aug. 29 Ex Parte at 4.

<sup>21</sup> *See* Reply Comments of AEE, WC Docket No. 10-90, *et al.*, 2-4 (filed July 16, 2012) ("AEE Reply Comments") (explaining GCI's dependence on AEE's infrastructure and technicians). It appears that GCI's minimal investments include a single cell site consisting only of two small antennae mounted on an out-of-service satellite dish, coax cable, switch routing equipment, and an earth station consisting of a small satellite dish to provide long distance service. *See* AEE/WCC Sept. 4 Ex Parte, Attachment 1, providing photographs of GCI's two antennae mounted on an out-of-service satellite dish, and its earth station. *Compare* to AEE/WCC Sept. 4 Ex Parte, Attachment 2, providing photographs of WCC's downtown and White Alice cell sites, illustrating the stark difference.

<sup>22</sup> Based on the fact that GCI has for each quarter reported significantly higher line counts than WCC, we believe it is reasonable to presume that GCI has received greater USF support for Adak than WCC has received, despite its failure to invest in the community or provide a comparable level of service. *See* Letter from Jennifer L. Richter, Counsel for WCC, to Marlene H. Dortch, Secretary, Federal Communications Commission, Response to Request for Additional Information, WC Docket No. 10-90, *et al.*, filed May 24, 2012 (providing WCC line count information).

regularly require service.<sup>23</sup> By stark contrast, GCI covers only a portion of the downtown area – and not even the entire downtown.<sup>24</sup> GCI has acknowledged that it does not currently possess and has not invested in the required spectrum, facilities and equipment to offer service equivalent to WCC's.<sup>25</sup>

It is not by chance that WCC and AEE are able to provide better quality, more comprehensive service. Unlike GCI, Mr. Mayes and Ms. Weaver have made it a priority to reinvest available funding not only for personnel but also for infrastructure and equipment, to provide better quality and more comprehensive service to the people living and working on Adak Island. These investments include (but are not limited to): (1) constructing two essential cell sites, (2) laying fiber, (3) repairing roads after construction; (4) providing necessary satellite equipment, (5) employing the only technician and mechanic on Adak Island, and (6) purchasing equipment – including trenching equipment, switches, a pipe locator, four-wheel-drive vehicles, a power meter, fiber blowers, transformers, and generators – necessary to provide reliable service to every resident and business on Adak.<sup>26</sup> Additionally, WCC has expended funds to enable cellular voice and data traffic backhaul and open the only retail store on Adak Island.<sup>27</sup>

GCI has attempted to characterize its failure to invest in Adak, and its resulting lack of costs to serve the island, as evidence that it is a more “efficient” carrier than WCC and AEE. Obviously: if a carrier makes insubstantial investments in an area, entices customers to take multiple (and apparently unused) lines, and encourages the government to bankrupt its competitors, and then suggests it should be able to scoop up in bankruptcy the investments that its competitors have worked very hard to build and that taxpayers have helped to fund, it will of course have very few costs to recover. And that would be a neat trick. In that scenario, of course GCI can operate much more cheaply than any carrier that does take the risk to make long-term investments in anticipation of being able to build and grow a company, and to provide years of service. This has nothing to do with efficiency, but does raise important questions that the Commission must consider:

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<sup>23</sup> See WCC Petition at 6-7.

<sup>24</sup> See WCC Petition at Exhibit 2 (maps illustrating WCC's coverage area compared to GCI's).

<sup>25</sup> See Comments of General Communication, Inc., WC Docket No. 10-90 *et al.*, 2-4 (filed July 2, 2012) (“GCI Comments”) (stating that “GCI could construct alternative microwave facilities if necessary;” “GCI believes that it could provide these [E-rate] services to Adak schools as well;” “GCI could provide Adak Island with largely comparable USF-supported services for no more than the total amount of high-cost support;” “GCI’s ConnectMD program, which supplies these telemedicine connections, leases two T-1s from AEE, which GCI could replicate through microwave solutions;” “GCI could deploy a WiFi-based fixed wireless broadband service;” “In the event that it could not acquire the few private line circuits necessary to reach the small number of larger enterprise users on Adak, GCI believes it could provide similar service through microwave facilities to connect those users with GCI’s satellite and switching hub”)(emphasis added); see also GCI Aug. 29 Ex Parte at 6 (“There are some areas that Windy City may serve because its 850 MHz band spectrum has better propagation characteristics than does GCI’s 1900 MHz band spectrum.”).

<sup>26</sup> See WCC May 21 Ex Parte at 2-3; AEE Reply Comments 2-4.

<sup>27</sup> WCC Petition at 6; see also Letter from Monica Desai, Counsel, Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, to Marlene H. Dortch, Secretary, Federal Communications Commission, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, 4, filed August 21, 2012 (explaining the business rationale for opening the retail store).

- What infrastructure is GCI planning to use in order to honor its “commitment” to serve Adak Island at the \$3,000 per line annual cap on high cost support?
- How would it acquire the infrastructure and facilities necessary to provide this service?

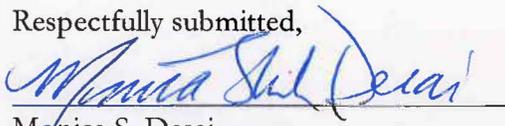
AEE and WCC strongly reiterate that it would be directly contrary to the public interest for the Commission to allow its USF reforms to force AEE and WCC into bankruptcy and default so that GCI can buy the companies’ USF and RUS-subsidized assets out of bankruptcy for pennies on the dollar.<sup>28</sup> Such a plan is the opposite of “efficient.”

**(B) Evidence Contradicts GCI’s Assertion That It Has Not Suffered a Recent Outage Between Adak Island and the Rest of Alaska.**

Contrary to GCI’s assertion that it has not suffered a recent outage between Adak Island and the rest of Alaska, AEE’s system records indicate that GCI has suffered intermittent service outages within the past month. Pursuant to the Declaration of Everett Eickhoff, attached hereto as Exhibit 2, beginning November 10, 2012, and continuing through November 14, 2012, a severe storm caused all long distance carriers on Adak Island, including GCI, to suffer intermittent service outages between Adak Island and all areas outside of the island.

While local wireline service was available through AEE, the storm intermittently prevented long distance calls to and from Adak Island, prevented cellular service, and blocked Internet service until the night of November 14 when the severe weather subsided and satellite dishes could be cleared and repositioned.

Mr. Eickhoff, AEE’s and WCC’s Lead Technician, who is responsible for maintenance of all networks on Adak Island and is now the only technician working on the island, was alerted to GCI’s service outages by an alarm that is sent by AEE’s system whenever GCI’s network is unable to process long distance calls being routed through AEE’s switch. AEE’s system showed that these calls were being dropped as a result of intermittent GCI service outages and sent the alarm to notify AEE.<sup>29</sup>

Respectfully submitted,  
  
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<sup>28</sup> See AEE Reply Comments at 5-6.

<sup>29</sup> See Declaration of Everett Eickhoff, ¶ 4 at Exhibit 2.

cc:

Priscilla Delgado Argeris  
Amy Bender  
Jonathan Chambers  
Nicholas Degani  
Rebekah Goodheart  
Jane Jackson  
Angela Kronenberg  
Christine Kurth  
Carol Matthey  
Sue McNeil  
Gary Michaels  
Ruth Milkman  
Mark Rossetti  
Michael Steffen  
Julie Veach  
Margaret Wiener

**Exhibit 1**  
**ATU Story**

## ADAK TELEPHONE UTILITY STORY

As told by Larry Mayes, Founder, President and CEO

Adak Island is part of the Aleutian Chain of islands located 1,300 miles southwest of Anchorage Alaska in the Bering Sea. It is the most southern community in Alaska. Adak lies in the subpolar oceanic climate zone, characterized by persistently overcast skies, high winds, and frequent cyclonic storms. Winter squalls produce wind gusts in excess of 100 knots (120 mph; 190 km/h). During the summer, extensive fog forms over the Bering Sea and the North Pacific. Average temperatures range from 20 to 60 °F (-7 to 16 °C), but wind chill factors can be severe. Total precipitation is 64 inches (1,600 mm) annually, with an average accumulated snowfall of 100 inches (2,500 mm). With 263 rainy days per year, Adak has the second highest rainy day number of any inhabited locality in the United States after the city of Hilo in Hawaii.

Adak Island was the home of over 6,000 Navy personnel before it was selected for closure in 1996. The Aleut Corporation (TAC), which is an Alaska Native corporation, traded other land they owned with the government to get Adak Island and the transfer took place March 17, 2004. The idea of TAC was to rebuild the community that was once a military base into a fishing community. I had just retired from the US Military (Army) in December 1996 and in February 1997 was contacted by a representative of one of TAC's subsidiary companies to work on Adak Island as a Telecommunications Technician. This contract was to maintain the following telecommunication systems: telephone, pager, VHF/UHF radio, cable TV, and computer. I worked with six other telecommunications personnel to maintain the telecommunication systems on Adak. As the land transfer was just about to become a reality, the other personnel started looking for other employment because the Navy support funding of the land transfer was coming to an end. I was the only one left there to take care of the telecommunications systems on Adak.

The reason I stayed was because of my belief in what TAC wanted to do with the old Navy military base. Adak Reuse Corporation (ARC), which was one of the TAC subsidiary companies that took over the operation of Adak, planned to turn the Navy Base into a community once the Navy presence was gone. Adak could be used by the fishing industry as a refueling location and fish processing plant, and by the airlines as an emergency landing location with 7,600 and 7,800 foot runways.

The telephone system (Central Office and Outside Plant) that the Navy had left in place was antiquated and needed replacement badly. Because I was the only technician on Adak, I was regularly called back to the island to fix problems. I would fly out of Adak to visit my family for two weeks but often had to return on the next flight to Adak because of problems with the telephone switch and outside plant. I was always on the phone with Digital Voice Company (the switch manufacturer) to fix problems and get the system back up and running correctly. The Digital Voice switch was a military PBX equivalent without the required features of a civilian switch. A temporary switch was leased from Digital Voice when the older switch could not function further. Amazingly, the switch manufacturer was able to supply the replacement switch and we were able to install it within a two month period. It was a simple switch that functioned but did not have all the nuances of the modern switches.

The outside plant's twisted pair copper wiring was a huge mess. I had to put my tone on a pair of wires at one demarcation point and go from that demarcation point to another one to find a good pair that would go back to the switch to be used for telephone service. I would do this until a good pair was found. I was only one person to maintain those communications systems while working alone and no matter what the weather was like or what was needed to do to complete the installation or fix a situation, I did it as well as I could.

What you find normal in the lower 48 to fix a circuit and install new service is not what you will find in a remote rural area like Adak. Adak is infested with rodents (Norwegian Rat) that we regularly encountered when we needed to crawl under customer houses or in a building crawl space to install or fix a cable.

The weather is not your friend on Adak, and it is not consistent. The island has a saying: "If you don't like the weather, just wait five minutes and it will change." So when you have good weather, you better use it to your advantage. When the grass is wet and the sun is shining, that creates a lot of small flying bugs that get into your eyes and mouth when you are trying to work.

TAC and ARC approached two or three other Alaskan telephone providers to take over the telephone system because neither TAC nor ARC was capable of running a telephone company, and they wanted to create other businesses on Adak Island besides TAC companies. Two of the companies visited Adak to assess the system, and I gave them tours and provided them with maps of the entire system. While both companies were significantly experienced in rural operations, both telecommunications companies declined to serve Adak Island as a telephone company.

After TAC or ARC could not get a telephone company that was already in business to serve Adak Island, they approached me and asked if I would like to run the telephone system on Adak Island. I agreed to take over the telephone system on Adak Island since I had been working the system for many years alone and knew the system intimately.

Once I had the telephone system, I set up an office in my home and I had my family help with invoices and paperwork. Before long, I needed someone to help with accounting so I hired Mrs. Andilea Weaver to do the accounting. We both were new to this regulated industry. I informed Mrs. Weaver that we were just starting out and we had a very small customer base. Also, I informed her there was going to be a lot of work and that I could only pay her when I could – and that was not regularly. I used my retirement funds, family savings, small loans from banks, and maxed out my credit cards to get started.

I worked all day and spent many hours at night into the next morning trying to draft the application for the certificate of public convenience and necessity (CPCN) to provide local exchange service in Alaska for Adak Eagle Enterprises, LLC (AEE) d/b/a Adak telephone Utility (ATU). The Regulatory Commission of Alaska (RCA) staff knew me pretty well because I had called and visited their office many times to learn how to fill out the application. Once I thought I had completed the application for CPCN, I turned the application into the RCA for review. After the RCA had reviewed the CPCN application, the staff recommended that I hire a consultant to help out with the CPCN application.

In 2000, ARC had hired Kenneth Trout (KET, Inc.) to submit an application to RCA for a new certificate of public convenience for the Adak Study area. Since it had been a government base, the Navy didn't have a certificate from RCA. RCA issued ARC a Temporary Operation Certificate. I contacted KET, Inc. and asked Kenneth if he would help with the drafting and filing of the CPCN application for AEE. Kenneth came in and helped with the application and then he recommended Dean Thomson, a lawyer with the law firm of Kempel, Huffman & Ellis, P.C., who is experienced with filing and regulatory issues.

There was much work to be done, and there were limited funds to this, but both firms came to fulfill our need to set up a telephone company. While we were going through this procedure, they suggested that we apply for a Rural Utility Service (RUS) loan to rebuild the telephone system infrastructure on Adak. RUS was contacted, and we were put in touch with Doug Devore and Mike Riley of Mid-State Consultants, who helped to prepare the documentation to apply for an RUS loan. Wes Lannen, our field representative from RUS, also assisted us in completing the RUS loan application. Reeve Engineering had taken pictures of the facilities and completed an on-site review, and had determined that the entire plant should be replaced.

Jim Rowe and the Alaska Telephone Association (ATA) members were great mentors in letting ATU join the association and taking a young inexperienced company under their wing.

In 2005, while talking with Doug Devore about needing some help on Adak, he stated that he might know of a technician who would be willing to work on Adak. So Doug had Michael Eickoff call me and we worked out a deal for him to work on Adak with me.

We submitted a loan package to RUS for over six (6) million dollars to replace the entire telephone system on Adak. RUS based the approval contingent upon the FCC'S granting of waivers into the National Exchange Carrier Association, Inc. (NECA pools) and inclusion in the Universal Service Administrative Pools (USF). (See Schedule I of RUS loan.) After the FCC orders granting those items, the processing of the loan continued and RUS approved our loan package request for over 6 million dollars. With these funds RUS funds, AEE was able to rebuild the communication system with modern technology (Class 5 Switch, FTTH, DSL, and ONT). The first draw was finally available in July 2006. Without RUS approving the AEE loan request, the Adak community would still be having problems with the old military switch, and corroded twisted pair outside plant wiring.

RUS, RCA, FCC, consulting firms, lawyers, ATA and their members have been a blessing to a small community like Adak.

Building the system and coordinating logistics was a challenge because of the need to coordinate materials and equipment arriving from the lower 48 states into Alaska, and then having to further coordinate shipping to Adak on a Navy barge that assisted in the initial process. There were no direct barges from the lower 48 to Adak. Bad weather occasionally kept the contractors and equipment from arriving on time. Airline scheduling had to be worked out and efforts had to be made to get a reliable schedule in place. Scheduling an airline that would be willing to go all the way to Adak was a significant task. Currently, airline travel is only possible on Thursdays and Sundays from Anchorage to Adak, with the help of Alaska Airlines.

Construction included such challenging tasks as obtaining local sand and gravel for repairs of road crossings and obtaining and using equipment for washing the sand and gravel so that it would perform properly in the concrete. Due to the remoteness of Adak Island, a ready source of these items could not be called upon to truck material to the sites.

Building the fiber optic network included waiting for the manufacturer to build file jumpers, making sure hazmat regulations were followed while shipping batteries, and coordinating construction crews' arrival along with the housing needed to accommodate them.

Ongoing power supply and infrastructure has been a significant issue while the TAC and the Adak city government worked to have reliable power. At one point, the residents were cautioned to leave the island due to the prospects of possible power shutdowns. Meanwhile, Adak Tel brought in a generator to supply power for phones and the company used this in their central office.

Today, with the USF support provided, and because of RUS loans, the telecommunications on the island provided by AEE include facilities for wireline, which includes voice, broadband, and television, as well as wireless. This system provides significant parts of the infrastructure needed for the community to survive and for the economy to grow, consistent with the vision of The Aleut Corporation.

**Exhibit 2**  
**Declaration of Everett**  
**Eickhoff**

**DECLARATION OF EVERETT EICKHOFF**  
**ADAK EAGLE ENTERPRISES, LLC AND WINDY CITY CELLULAR, LLC**

I, Everett Eickhoff, declare the following is true and correct to the best of my knowledge and belief:

1. I am employed as the Lead Technician by Adak Eagle Enterprises, LLC ("AEE") and Windy City Cellular, LLC ("WCC"). I have held this position since 2005. In this position, I am responsible for the maintenance of all networks on Adak Island. Currently, I am the only technician working on Adak Island.
2. Beginning on Saturday, November 10, 2012, and continuing through Wednesday, November 14, 2012, a severe storm caused all long distance carriers on Adak Island, including General Communications, Inc. ("GCI"), to suffer intermittent service outages between Adak Island and all areas outside of the island.
3. While local wireline service was available through AEE, the storm intermittently prevented long distance calls to and from Adak Island, prevented cellular service, and blocked Internet service until the night of November 14 when the severe weather subsided and satellite dishes could be cleared and repositioned.
4. I was alerted to GCI's intermittent service outages by an alarm that is sent by AEE's system whenever GCI's network is unable to process long distance calls being routed through AEE's switch. AEE's system showed that these calls were being dropped as a result of GCI's service outages and sent the alarm to notify AEE.

Executed on this 6<sup>th</sup> day of December 2012.



Everett Eickhoff  
Lead Technician  
Adak Eagle Enterprises, LLC and  
Windy City Cellular, LLC

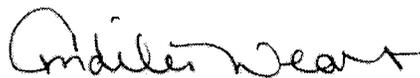
**Exhibit 3**  
**Declaration of**  
**Andilea Weaver**

**DECLARATION OF ANDILEA WEAVER**  
**ADAK EAGLE ENTERPRISES, LLC AND WINDY CITY CELLULAR, LLC**

I, Andilea Weaver, declare the following is true and correct to the best of my knowledge and belief:

I am the Chief Operations Officer of Adak Eagle Enterprises, LLC and Windy City Cellular, LLC. I have reviewed the Ex Parte Notice and attached Exhibits and attest, under penalty of perjury, that the facts contained therein are known to me and are accurate.

Executed on this 6<sup>th</sup> day of December 2012.



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Andilea Weaver  
Chief Operations Officer  
Adak Eagle Enterprises, LLC and  
Windy City Cellular, LLC