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STAMP & RETURN

February 28, 2013

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VIA HAND DELIVERY

FILED/ACCEPTED

FEB 28 2013

Federal Communications Commission
Office of the Secretary

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

Re: WCC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, GN DOCKET NO. 09-51, CC DOCKET NOS. 01-92, 96-45, WT DOCKET NO. 10-208
Adak Eagle Enterprises, LLC and Windy City Cellular, LLC Notice of Ex Parte

Dear Ms. Dortch:

On behalf of Adak Eagle Enterprises, LLC ("AEE") and Windy City Cellular, LLC ("WCC"), pursuant to the procedures outlined in the Third Protective Order adopted in the above referenced proceedings, please find enclosed an original and one copy of AEE and WCC's Public version of its Notice of Ex Parte filed in the aforementioned dockets. The [[ ]] symbols denote Confidential Information. A Confidential version is also being filed separately with the Secretary's Office. Additionally, a Confidential version is also being filed with the Wireline Competition Bureau.

Should you have any questions concerning the foregoing request, please contact the undersigned.

Sincerely,

Monica S. Desai
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2550 M Street, NW
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(202) 457-7535
Counsel for Adak Eagle Enterprises, LLC and Windy City Cellular, LLC

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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 discussions that took place on February 26, 2013, between Larry Mayes, Chief Executive Officer of Adak Eagle Enterprises, LLC ("AEE") and Windy City Cellular, LLC ("WCC"), Andilea Weaver, the companies' Chief Operations Officer, Monica Desai and Benjamin Bartlett, the companies' counsel, and the following FCC staff: Scott Mackoul and Jane Jackson from the Wireless Telecommunications Bureau, and Carol Mattey, Rebekah Goodheart, Joseph Cavender, Joseph Sorresso, and Amy Bender from the Wireline Competition Bureau. The discussions focused on the Petitions for Waiver filed by AEE and WCC,[1] and the recent steps taken by the companies to reduce costs to the greatest extent possible while ensuring that AEE and WCC are able to continue providing efficient, comprehensive service to their customers on Adak Island in a safe manner.

As explained in previous filings, AEE and WCC have been struggling to maintain operations since their universal service funding was drastically (and immediately, without notice) reduced under the *USF/ICC Transformation Order*,[2] including a staggering 84% flash-cut to WCC's funding and the subsequent rapid phase-down of funding for AEE.[3] From the perspective of AEE and WCC, tiny companies providing vital service in one of the most remote areas in the country, the funding cuts and subsequent waiver process have been extremely onerous.

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[1] *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").

[2] *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 (2011) ("*USF/ICC Transformation Order*").

[3] *See* Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, 2, dated September 20, 2012 ("AEE Sept. 20 Ex Parte"); *see also* Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, 3, dated December 6, 2012 ("AEE Dec. 6 Ex Parte").

AEE and WCC appreciate the interim relief provided by the Bureaus as they are evaluating a long-term resolution of their waiver requests.[4] AEE and WCC have been actively pursuing cost-cutting measures in order to minimize the amount of universal service support necessary for the companies to continue providing quality service to their customers in a safe manner.[5] AEE and WCC emphasized to staff, however, the extraordinary costs of operating on Adak Island due to the remoteness and severe weather conditions not faced by companies operating in other areas of the country.[6] As a result, the amount of cost-cutting the companies are able to implement is reflective of the high costs inherent in operating in one of the country's most remote and challenging areas.

As summarized below, AEE and WCC discussed (1) the permanent and temporary cost reduction steps they already have implemented; (2) the additional cost-reduction steps they continue to explore; and (3) the potentially detrimental implications of certain cost-cutting measures the companies are pursuing. Additionally, the companies emphasized how critical it is for staff to clearly communicate their expectations to the companies as staff works to reach a long-term resolution before the six-month interim relief for AEE and WCC expires on June 20, 2013. Finally, the companies answered questions from staff regarding boat maintenance expenses and lease expenses. And the companies asked if there were any remaining questions regarding relative efficiency of service provided by the companies. There were no questions related to the four sets of responses provided by the companies in August 2012, when the Bureaus stopped the 90-day decision clock to request 17 additional categories of information from the companies.[7]

I. Steps Taken to Reduce Costs.

As a result of taking significant measures to reduce costs, AEE and WCC are now in a position to operate with less universal service support than previously received. Although AEE and WCC have succeeded in reducing operating costs by eliminating certain expenses permanently, the companies also have been forced to make other temporary cuts in expenses and services that are essential to the companies' operations and which they hope to restore in order to maintain efficient, quality service and to operate in a safe manner.

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[4] *See Connect America Fund, et al.*, WC Docket No. 10-90, *et al.*, Order, DA 12-2044 (rel. Dec. 20, 2012) ("*Interim Relief Order*").

[5] *See Interim Relief Order*, ¶¶ 1, 11.

[6] *See, e.g.*, Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte and Submission of Supplemental Information, WC Docket No. 10-90, *et al.*, 4, dated August 20, 2012.

[7] *See* Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Ex Parte Notice and Submission of Supplemental Information, WC Docket No. 10-90, *et al.*, dated Aug. 20, 2012; Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Second Submission of Supplemental Information, WC Docket No. 10-90, *et al.*, dated Aug. 21, 2012; Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Third Submission of Supplemental Information, WC Docket No. 10-90, *et al.*, dated Aug. 22, 2012; Letter from Jennifer Richter, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Fourth Submission of Supplemental Information, WC Docket No. 10-90, *et al.*, dated Aug. 27, 2012.

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A. Permanent Reductions.

AEE has made approximately [[redacted]] in annual expense cuts that it will make permanent going forward.[8] WCC and Windy City Broadband ("WCB") have reduced annual operating costs by making permanent expense cuts totaling approximately [[redacted]].[9] The specific cuts to the companies' operating expenses in 2012 compared to expenses incurred in 2011 were detailed in AEE's and WCC's Notice of Ex Parte filed on November 20, 2012.[10] The summary below includes updated numbers reflecting additional expense reductions that will be realized in 2013. These cuts include the elimination of five additional employee positions, the consolidation of job responsibilities with fewer employees, voluntary cuts in executive salaries, a company-wide reduction in benefits contributions, and the cancellation of construction of the Clam Lagoon site.

1. Staff and Salary Reductions.

AEE and WCC have permanently eliminated the following five positions in order to reduce the salary, benefits, training, and travel expenses associated with these positions.[11] As a result of these employee cuts, remaining staff members, including the companies' CEO and COO, have been forced to take on numerous additional duties that were previously performed by these eliminated positions.

(1) Customer Service Representative (total salary and benefits savings: [[redacted]]).

Duties previously shared by two Customer Service Representatives – including managing all service orders, receipt of payments, answering the companies' customer service line, billing inquiries, installation requests, and disconnect requests – now will be handled by a single Customer Service Representative.

(2) Accounting Clerk (total salary and benefits savings: [[redacted]]).

Duties previously performed by the eliminated Accounting Clerk – including maintenance of accounting records, bank and intra-company reconciliations, payables, GL postings, revenue tracking, expense coding, and flux reports – have been taken over by the companies' COO and remaining accounting staff.

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[8] *See* Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte and Submission of Supplemental Information, WC Docket No. 10-90, *et al.*, 2, Attachment 1, dated November 20, 2012 ("AEE Nov. 20 Ex Parte").

[9] *See* AEE Nov. 20 Ex Parte at 2, Attachment 1.

[10] These cuts included, for example, the permanent elimination of the companies' CFO position, which resulted in total salary and benefits savings of approximately [[redacted]].

[11] *See* Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte and Submission of Supplemental Information, WC Docket No. 10-90, *et al.*, 3, Exhibit 2, dated November 15, 2012 ("AEE Nov. 15 Ex Parte") for detailed descriptions of these positions' responsibilities.

(3) Combination Technician (total salary and benefits savings: [[redacted]]).

Duties previously handled by the eliminated Combination Technician – including completing service orders, provisioning the switch, fulfilling long distance carrier requests, researching purchases of necessary supplies and equipment, laying fiber, parcel pick-ups, and reporting/repairing service outages – now will be handled by the companies' Plant Manager.

(4) Human Resources Director (total salary and benefits savings: [[redacted]]).

Duties previously handled by the Human Resources Director – including maintenance of health benefits records, workers compensation compliance, maintenance of personnel records, coordination of employee training classes, safety compliance, and maintenance of all company forms for equipment use and software access – now must be handled by the companies' COO.

(5) Maintenance Technician (total salary and benefits savings: [[redacted]]).

Duties previously handled by the Maintenance Technician – including repair and cleaning of facilities on Adak Island and assisting AEE's mechanic with vehicle maintenance – now must be handled by the Plant Manager. As a result of the job cut, the company's mechanic also has been forced to work without any assistance while performing labor-intensive duties such as engine and tire repair.

In total, the elimination of these staff positions will result in salary and benefits savings of [[redacted]] in 2013.

Additionally, the companies' CEO and COO will be voluntarily taking a [[redacted]] salary cut beginning in March 2013 in the interest of even further reducing costs. Neither the CEO nor the COO took any salary at all for the first two years the companies operated. Also, they have not received a raise in two years. In addition, they will agree to continue foregoing any increase in salary for an additional three years. And they have taken on additional job duties as described above. These voluntary reductions in salary will be in addition to the expense reductions already made. This will result in a cost reduction of [[redacted]].

Finally, the companies have reduced their employee benefits contribution from [[redacted]] companywide to further reduce costs beginning in April 2013. This will result in a cost reduction of approximately [[redacted]].

2. Cancellation of Clam Lagoon Site.

WCC canceled construction of its Clam Lagoon cell site, which was planned for the purpose of providing improved coverage to the northern portion of WCC's study area and network redundancy needed to prevent service interruptions that would otherwise occur if another cell site experiences operational problems, a result that often occurs because of the severe weather on Adak Island. As explained by the chief of the Adak Police Department, additional cellular towers are needed on

Adak Island to provide wireless coverage necessary to support the community's 911 system and public safety operations in emergency situations.[12]

The Clam Lagoon site would also have offered expanded service on the island. WCC had already undergone six months of planning and expended [[ ]] but canceled construction to reduce expenses, thereby saving the company the projected [[ ]] cost of completing construction of the site after the FCC's unexpected funding cuts. If approved by the FCC, it is WCC's desire to complete the Clam Lagoon site once sufficient funding is available through the Mobility Fund in order to offer more comprehensive service on the island, given the public safety needs of the community.

B. Temporary Reductions.

1. Temporary Lay-offs of Essential Staff Positions.

In addition to the five employee positions permanently eliminated, AEE and WCC also have laid off the following three positions that the companies believe are essential for supporting the companies' operations: (1) Lead Combination Technician; (2) Facilities Maintenance Technician; and (3) Front Desk Receptionist / Administrative Assistant. Another employee (a retail clerk on Adak Island) also was reduced to part-time status, and her health benefits were eliminated. It is the companies' hope that if and when long-term relief is granted, they can hire back these positions and return the retail clerk to a full-time position.

Currently, AEE and WCC are operating with only one technician on Adak Island because they have insufficient funding to rehire the Lead Combination Technician, a position that is essential to the company's operations. Indeed, AEE's technician currently is the only technician employed by any company on Adak Island able to perform the necessary maintenance to support AEE's and WCC's operations. In addition to their responsibilities to AEE and WCC, AEE's technicians also have typically received requests from other companies (including General Communications, Inc.) needing maintenance or repair work on the island several times each winter. Because AEE's technician is currently the only technician on Adak Island, AEE's CEO has also been forced to perform additional duties on the island normally performed by technicians.

Furthermore, the position of Facilities Maintenance Technician is critical to the companies' operations given that this employee is responsible for maintenance and repair of all facilities including warehouses, offices and the telex. The CEO and Plant Manager have been forced to take on these responsibilities.

The position of Front Desk Receptionist / Administrative Assistant is vital to the companies' operations given that this position oversees administrative and organizational office duties including answering phones, sorting mail, receipt of packages, maintaining building logs and office supplies, transmitting bank deposits, and filing corporate documents. Currently, the COO and the Customer Service Representative have been forced to take on these duties.

[12] *See* Letter from Chief Darrell E. Tannehill, Jr., Adak Police Department, to FCC at Attachment 1.

Finally, AEE also hopes to return the currently part-time retail clerk position to a full-time position because the retail store operated by WCC is a community hub and provides the only location where residents on the island can use free Internet service.

2. Temporary Cuts to Essential Backhaul Redundancy and Upgrades.

It is also vital that WCC receive sufficient funding to restore essential backhaul redundancy that has been eliminated as a result of the reduced funding. Without this redundancy, all WCC customers are left without service when outages occur. Indeed, the lack of redundant backhaul has resulted in several outages during which service was lost. Restoring this redundancy will initially cost approximately [[redacted]] but will then require [[redacted]] per month on an ongoing basis.

WCC also has been forced to postpone plans to upgrade to 3G (LTE) service until Mobility Fund Phase II funding is available. By postponing this upgrade until Mobility Fund Phase II funding is available, WCC has saved approximately [[redacted]].

3. Temporarily Delayed Projects.

AEE and WCC have temporarily reduced expenses by placing on hold two projects that will, if allowed by the FCC, provide greater efficiency and savings in the long-run. First, as previously discussed,[13] the companies have postponed the construction of a warehouse that is needed to house equipment, vehicles, and maintenance operations in a heated facility protected from the severe weather conditions on Adak Island. The equipment and vehicles, valued at over [[redacted]], are essential for the companies' operations and include items such as fiber, outside plant equipment, a fiber blower, conduit, concrete for road repairs, a concrete saw, snow removal equipment, a splicing van, and utility trucks. Currently, the equipment and vehicles are stored in three smaller, unheated warehouses that leak and do not provide adequate protection from the island's severe weather. As a result, the essential equipment and vehicles are deteriorating and at risk of ruin.

Currently, the companies pay a total of [[redacted]] a month to lease the three unheated warehouses. The cost of completing construction of the new warehouse would be approximately [[redacted]], resulting in a monthly payment of approximately [[redacted]], assuming an estimated loan interest rate of [[redacted]]. This would result in long-term savings of approximately [[redacted]] per year going forward.[14] Significantly, AEE planned construction of this warehouse before its funding was cut by the *USF/ICC Transformation Order*, and RUS already approved the construction. Moreover, the concrete needed to build the warehouse is already on location and will ruin if not used in the near future. AEE already paid a significant expense of [[redacted]] to have the concrete and other necessary building materials for the warehouse purchased and shipped to Adak Island by barge and would be unable to incur the expense of transporting these materials off the island.

Second, the companies also have postponed the purchase of the administrative building currently housing corporate operations, servers, broadband equipment, and all databases supporting accounting and customer service operations. AEE currently pays a monthly rent of [[redacted]] to

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[13] *See* AEE Nov. 20 Ex Parte at 3.

[14] *See* Project Reductions Analysis at Attachment 2.

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lease the building. In contrast, purchasing the building would cost approximately [[redacted]], resulting in a monthly payment of approximately [[redacted]] going forward, assuming an estimated loan interest rate of [[redacted]].[15] This would result in long-term savings of approximately [[redacted]] per year.

Both of these delayed projects were planned in the interest of making fiscally prudent, long-term business investments that would require initial expenditures in order to realize greater long-term efficiencies and cost reductions.

4. Temporarily Reduced Training Expenses.

In the interest of reducing expenses, AEE and WCC currently are not approving any training or associated travel expenses for their employees. While these temporary cuts represent savings of approximately [[redacted]] on an annual basis, these costs cover essential training for the companies' employees and the travel costs necessarily incurred for the employees to receive this training outside of Alaska.

This training is critical for staff working in the specialized and highly regulated telecommunications industry. For example, training is necessary for employees to stay current with changing state and federal regulations, accounting standards, tax laws, loan obligations, NECA updates, FCC requirements, industry and technical developments, OSHA rules and other evolving legal requirements. Further, training is essential for the companies' technical and IT positions, which demand up-to-date expertise in a highly technical field. It is vital that AEE and WCC receive sufficient funding for their employees to receive the specialized training necessary to effectively perform their job responsibilities.

II. Additional Measures Being Explored.

In addition to the expense cuts already implemented, AEE and WCC have been exploring additional options for cost reductions.

A. Cost Analysis for AEE's Administrative Building.

AEE has analyzed the cost impact of moving its administrative offices into another building in Anchorage instead of leasing its current building from L&A Property, owned by Mr. Mayes and Ms. Weaver. AEE will be submitting a complete analysis that reflects that the monthly lease payment currently paid for AEE's main administrative building in Anchorage is below market rent rates for comparable buildings. Additionally, the building is located in an area of Anchorage in which the cost of rent is generally lower compared to similar buildings in other sections of the city. AEE and WCC require an office building with sufficient space to house not only its employees but also all corporate operations, including the companies' customer service, IT, accounting, and executive operations, storage of all corporate paperwork, files, servers, and computers, and storage of all equipment that is then shipped to Adak for maintenance and repair operations when needed.

[15] *See* Project Reductions Analysis at Attachment 2.

As discussed in previous filings, L&A Property does not make a profit from AEE's monthly lease payment, which is the same amount as L&A Property's monthly mortgage payment for the property.[16] Furthermore, the rent charged to AEE has never been increased since Mr. Mayes and Ms. Weaver purchased the building in 2007. Mr. Mayes and Ms. Weaver used personal funds to purchase the building because, at the time, AEE did not have credit established to rent a corporate office space when the company needed a space to run its operations. Ms. Weaver took money from her 401(k) plan, and Mr. Mayes refinanced his home. RUS has reviewed and approved this lease arrangement.

B. Potential Restructuring of RUS Loan.

AEE sent a letter to RUS inquiring about the possibility of restructuring repayment of its RUS loan. In its response, RUS denied AEE's request to restructure its loan but stated that AEE may submit additional financial information for reconsideration of the decision.[17] RUS emphasized that, even if AEE were to seek reconsideration of the decision, AEE must remain current on its loan repayment obligations in the meantime.

Currently, AEE must make monthly loan payments of approximately [[redacted]]. AEE's total outstanding loan debt as of December 31, 2012 was $4,726,685. Additionally, AEE and WCC are currently assessing the financial impairment impact suffered by the companies as a result of the flash cuts, which has resulted in AEE violating its tier obligations under the RUS loan requirements. These obligations require the company to maintain a certain financial cushion on a consolidated basis.

C. Reduction of Costs for Telex Building.

AEE also has been exploring the option of purchasing the building that houses its telex facilities. AEE currently leases this building but is investigating whether purchasing the building is a feasible option that would reduce its long-term costs.

In the event purchasing the current telex building is not an option, AEE also is exploring the possibility of reducing its long-term costs by moving its telex facilities into a section of the currently postponed new warehouse on Adak Island, discussed above, if sufficient funding is provided to complete its construction.

As with the delayed projects discussed above, this potential project would require an initial expenditure in order to realize greater long-term efficiencies and cost reductions.

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[16] *See* Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Second Submission of Supplemental Information, WC Docket No. 10-90, *et al.*, Attachment 2, dated August 21, 2012.

[17] *See* Letter from Peter Aimable, Director, Northern Division, Telecommunications Program, RUS, to Larry Mayes, President, AEE, dated Feb. 15, 2013 at Attachment 3.

D. Potential Retail Store Cost Reductions.

In order to reduce costs and increase work efficiencies, WCC has been considering the possibility of moving its retail store on Adak Island from its current building, which is leased, into the same building that houses the companies' telex facilities. Doing so would save WCC the monthly rent payment for the store's current location. More significantly, housing the retail store in the same location as the telex facilities also would allow the retail store clerk to take on administrative duties in addition to working in the retail store and return to full-time status. This would increase employee work efficiencies and reduce long-term costs.

Moving the retail store into the telex building would require the companies to remodel a section of the telex building in order to provide necessary safety and security for customers visiting the store. Absent this remodeling, which would likely cost approximately [[redacted]], the building and equipment housed there would be unsafe for consumers to visit. While this project would require an initial expenditure, this investment would be made in order to realize greater long-term efficiencies and cost reductions going forward.

E. Potential Reductions in Software and Infrastructure Costs.

AEE and WCC have been exploring possible ways to reduce costs by foregoing upgrades to the companies' computer software. These upgrades are standard practice, but in the interest of exploring all cost-cutting options, the companies have been analyzing whether they could continue operating without certain routine upgrades.

Additionally, the companies' technician has been investigating all possible ways for the companies to use their infrastructure as efficiently as possible in order to minimize costs.

F. Potential Further Reductions in Staff Positions, Salaries, Benefits, and Training/Travel Expenses.

In addition to the permanent staff cuts and voluntary salary and benefits reductions discussed above, the companies have been exploring potential options to further reduce the costs of providing employee benefits. The companies also have been analyzing potential options to further reduce employee training and travel expenses through cost-sharing with other companies. While AEE and WCC have been analyzing the feasibility of eliminating additional employee positions, additional lay-offs would strain the companies' essential operations and have detrimental safety implications, as discussed below.

III. Detrimental Implications of Cost-Cutting Measures.

While AEE and WCC continue working to minimize operating expenses, the companies stressed that certain cost-reduction measures will have real and potentially detrimental implications in terms of safety, employee retention, and the ability of the companies to comply with their regulatory requirements.

First, reducing the number of employees to a bare-bones staff in the interest of cutting costs impairs the companies' ability to respond to emergency situations and risks the safety of the residents of Adak Island. For example, if the companies' lone technician on the island were to fall ill, there

would be no one else on the island with the expertise to perform essential repairs and maintenance of the network. The lack of staff redundancy presents safety risks not only for the residents of Adak Island in the event of a service outage during severe weather or another emergency but also for employees who might attempt to perform maintenance without the necessary expertise and necessary backup.

As a recent example of how important AEE's and WCC's services are for public safety on Adak Island, just last month, the wireless service provided by WCC's White Alice site was instrumental in facilitating the emergency rescue of an individual who had become lost in blizzard conditions on Adak Island.[18] If the White Alice site had not been operational – or had not been built in the first place – the individual would not have had wireless service and would not have been able to call 911 to alert the search and rescue party of his location. Additionally, the White Alice site provides the only quality service to the area of the island in which some residents, including the Adak Chief of Police and City Manager, reside, and in which numerous contractors work.[19] In the interest of public safety, it is critical that AEE and WCC be able to maintain network and staff redundancies sufficient to continue providing quality, comprehensive service on which the Adak community can rely.

Additionally, the cost reductions being pursued have a critical impact on the companies' ability to hire and retain employees. Reductions in salaries and benefits expenses inherently make it more difficult for AEE and WCC to recruit the most qualified employees to support the companies' operations. Reducing employee training also makes it more difficult to recruit and retain staff in an evolving, highly technical industry that requires specialized expertise.

Finally, reducing the number of employees supporting AEE's and WCC's operations will make it extremely difficult for the companies to meet the numerous deadlines for their state and federal regulatory reporting obligations. With the companies' CEO, COO, and remaining skeletal staff handling the job responsibilities of multiple eliminated positions, it is difficult for the COO to devote sufficient time to meet all of the regulatory deadlines while also covering job duties that would otherwise be handled by additional employees.

IV. Additional Information in Response to Staff Questions.

In addition to discussing the companies' cost-cutting measures, AEE and WCC also answered questions from staff regarding the companies' lease expenses and boat maintenance.

First, staff was under the misimpression that L&A Property had remortgaged the administrative building leased by AEE in Anchorage multiple times. In fact, the building has not been remortgaged since Mr. Mayes and Ms. Weaver purchased it in 2007. Additionally, staff inquired with respect to the mortgage interest rates paid by L&A Property for the building. L&A Property has [[ ]] for the administrative building. The company currently pays [[ ]]

[18] *See* Adak Police Department Report at Attachment 4; *see also* Letter from Layton J. Lockett, City Manager, City of Adak, to Windy City Cellular, dated Feb. 25, 2013 ("Lockett Letter") at Attachment 5.

[19] *See* Lockett Letter at Attachment 5.

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[redacted]]]. L&A Property has explored all options for refinancing the administrative building in order to continue maintaining the lowest rent payment levels for AEE as possible. Refinancing its mortgage with [[redacted]]] is not a viable option for L&A Property to reduce costs, however, because refinancing at this time would require L&A Property to pay a [[redacted]]] in addition to the refinancing fees that would be required by [[redacted]]]. AEE has provided supporting documentation at Attachment 6.

Second, the companies provided additional information in response to staff questions regarding maintenance expenses for the service boat owned by AEE. The boat in question – an Alaskan HT Galley boat – was initially purchased for the purpose of planting fiber to provide service to a planned missile defense system and a floating radome that were to be located off the coast of Adak Island. The boat is also used to provide service to the island's fish plant and to navigate the area under the dock in order to provide fiber to the island's port. Additionally, the boat is also used for ongoing maintenance and repair operations in areas on the coast of the island only accessible by boat. The only regular maintenance costs for the boat are for oil changes, which are necessary once a month and cost less than [[redacted]]], including the mechanic's labor cost.

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AEE and WCC concluded by reiterating to staff that they stand ready – as they have throughout the waiver review process – to provide any additional information staff desires and elaborate on any information previously submitted. The companies remain committed to operating as efficiently as possible in order to continue providing essential service to one of the most remote areas in the country. As reflected in the numerous letters submitted in support of AEE's and WCC's waiver requests,[20] the services provided by AEE and WCC are vital to the Adak community. Their services are depended on for emergency communications on the island, and the people on the island who have purchased service from AEE and WCC actually depend on and use that service.[21] To ensure that these essential services are maintained, AEE and WCC look forward to working with Commission staff to reach a long-term resolution of their waiver requests as quickly as possible.

Respectfully submitted,

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Counsel to Windy City Cellular, LLC and Adak Eagle Enterprises, LLC

[20] *See* AEE Petition at Attachment A; WCC Petition at Attachment A; Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Fourth Submission of Supplemental Information, WC Docket No. 10-90, *et al.*, Attachment 2, dated Aug. 27, 2012.

[21] *See* Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, Declaration of Layton J. Lockett, Attachment 2, dated Sept. 17, 2012.

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cc:
Joseph Cavender
Joseph Sorresso
Rebekah Goodheart
Jane Jackson
Carol Mattey
Ruth Milkman
Michael Steffen
Julie Veach
Margaret Wiener
Scott Mackoul
Susan McNeil
Amy Bender

ATTACHMENT 1

Letter from Chief of Adak Police Department

Adak Police Department

To: FCC

In relation to the cell service on Adak Island there are large areas were we have no cellular coverage. We as a community have evaluated this and have found from a public safety stand point that we need more cellular towers to give us the coverage to render services to our public in emergency situations. We have people from all over the world that come to the island for work and recreation and do not know the hazards the area possesses. The weather is unpredictable and the terrain is harsh. More cellular towers would greatly enhance the 911 system and coverage area over the island so aid can be rendered in every emergency situation.

Thank you

Chief Darrell E. Tannehill Jr.

ATTACHMENT 2

Project Reduction Analysis

[[

ENTIRE ATTACHMENT REDACTED FOR PUBLIC INSPECTION

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ATTACHMENT 3

RUS Letter

[[

ENTIRE ATTACHMENT REDACTED FOR PUBLIC INSPECTION

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ATTACHMENT 4

Adak Police Department Report

Adak Police Department

Report # 20130102

On January 13 2013 at approximately 1900 hours I received a 911 call from Ivan Hodes. Ivan stated he had gone skiing at 1200 hours on the north side of Mount Moffett when a blizzard with white out conditions started. He got turned around, and did not know where he was all he knew he was in a ravine with water to one side of him and a tower on the other side of that. Then the phone disconnected. Ivan called back; he was advised to go to hire elevation to see if he could give us a better location. A search and rescue party was formed and went out to look for Ivan. When Ivan called back the reception was in and out due to weather conditions. The airport runway lights were activated to use as a beacon for Ivan to get his bearings so he could give us a better directions to find him. Ivan called back seeing the lights headed toward town. I noticed that every time he called the 911 phone during the process the signal got better. After five hours Ivan arrived at the White Alice phone tower sight with great cell service and was able to call the 911 line once again, and inform the search party of his exact location. Ivan was retrieved from the blizzard without injury. In my opinion the White Alice cell sight added in the recovery of Ivan Hodes. Without the White Alice Cell sight Ivan would not have had cell phone service, and could not have made the 911 call.

Chief Darrell E. Tannehill Jr.

Adak Police Department

P.O. Box 2043 Adak AK. 99549

(907)592-3323

ATTACHMENT 5

Letter from Adak City Manager

City of Adak
Incorporated
April 2001

City of Adak

P.O. Box 2011 • Adak, Alaska 99546
(907) 592-4500 • Fax: (907) 592-4262

February 25, 2013

Windy City Cellular
Attn: Larry Mayes
1410 Rudakof Circle
Anchorage, Alaska 99508

RE: White Alice Site

Dear Mr. Mayes:

This purpose of this letter is to convey our viewpoint of the importance of the "White Alice" cellular tower site as part of the Windy City Cellular ("WCC') on-island network. We recognize that WCC is under challenge from the Federal Communications Commission ("FCC") and understand that there is confusion as to whether or not certain assets are integral to the quality of life for our citizens.

We feel the WCC network is integral for a number of reasons, most importantly, due to the City's reliance on the network for our emergency communications system. As you know our dispatch phones for the system operate not only on the Adak Telephone Utility network but also the capabilities of the WCC system. It should be duly noted that in the neighborhood where the Chief of Police and City Manager reside, the only quality service comes from the White Alice cellular tower, with a noticeable change in quality when the tower goes offline.

On January 13, 2013 we received a call through the 911 system requesting assistance from someone who had been skiing at the old ski range and had gotten lost. The person, a roaming customer of the WCC network, was able to easily connect through the system to reach us, which was originating and terminating in an area where no other carrier either provides service or is severally degraded..

After several hours of searching we received a call that he had reached the White Alice site, only after seeing the light and building from the ravine to which he had skied into. We estimate that he hiked approximately 600 feet to the apex of the site, in a blizzard, as he was guided by the security lighting of the site. He was able to take shelter in the area of the building and identify his location, to which we rescuers were able to retrieve him in less than five minutes. Had the White Alice site not been operable, or in existence, we would not have been able to find him in a timely manner.

A number of visitors roam on the WCC network, which provides a continuity of operations for a lot of the contractors that operate on Adak. This summer the main contracting work will be in a location only served by the White Alice tower. The range of the network furthermore allows us to more easily respond to calls as it allows us the ability to ascertain which cellular tower the call is originating from, integral in the event someone is lost and unfamiliar to the surroundings. We are aware that the local competitor has no capability to provide service outside the core area with severe degradation in certain neighborhoods and key areas.

Please feel free to contact me if you have any additional questions regarding our viewpoints of the WCC network and White Alice tower.

Sincerely,

Layton J. Lockett
City Manager

ATTACHMENT 6

Loan Documents

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ENTIRE ATTACHMENT REDACTED FOR PUBLIC INSPECTION

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ATTACHMENT 7

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 attachments and attest, under penalty of perjury, that the facts contained therein are known to me and are accurate.

Executed on this 28th day of February 2013.

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