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May 15, 2013

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MAY 15 2013

VIA HAND DELIVERY

Federal Communications Commission
Office of the Secretary

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

Re: WC 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 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION Adak Eagle Enterprises, LLC and Windy City Cellular, LLC Submission of Further Supplemental Information

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 Submission of Further Supplemental Information filed in the aforementioned dockets. The [[]] symbols denote Confidential Information. A Confidential version is also being filed separately with the Secretary’s Office. Furthermore, additional copies of the Confidential version are being delivered to 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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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: **Submission of Further Supplemental Information**
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 (filed May 22, 2012) and Windy
City Cellular (filed April 3, 2012)

Dear Ms. Dortch:

As indicated in their ex parte of May 14, 2013,¹ Adak Eagle Enterprises, LLC (“AEE”) and Windy City Cellular, LLC (“WCC”), are submitting into the record a long-term plan, attached hereto as Exhibit 1, to transition as close to the \$250 per line monthly cap on high-cost USF support as possible, based on the depreciation of their recent investments, over the course of the next 29 years. The transition plan shows that, by the end of the 29-year transition period, AEE (on a consolidated basis) will be able to operate with monthly support of approximately [REDACTED] per line.

The transition plan reflects the following assumptions:

- High-cost support for Adak Telephone Utility (“ATU”) maintained at current interim relief levels.
- High-cost support for WCC maintained at 70% of 2011 levels.
- A steady number of approximately [REDACTED] loops, reflecting average projected line counts after the closure of the fish plant on Adak Island in 2013. If the fish plant reopens, the average line counts will go back up.
- A steady depreciation of AEE’s and WCC’s recent investments to serve Adak Island over the 30-year life of AEE’s RUS loan. The investments will be fully depreciated in 2041.

¹ See Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket Nos. 10-90, *et al.*, dated May 14, 2013.

- The depreciation calculations would allow for two projects that were temporarily delayed as a result of the USF funding cuts: (1) 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; and (2) AEE’s purchase of its administrative building in Anchorage. As detailed in the AEE/WCC ex parte of February 28, both projects would result in greater long-term efficiencies and cost-reductions.² After completion of these projects in 2013-2014, no additional investments in plant would be made. If the Commission prefers that the companies not move forward with these projects, despite the long-term savings, the companies can abandon them.
- A steady tax rate of 20%.
- A steady decrease in corporate operations expenses until leveling out at [REDACTED] per year beginning in Year 14 (2025). The corporate operations expense calculations factor in all of the cost-cutting measures previously proposed by AEE and WCC,³ as well as additional cost reductions that will result from AEE’s and WCC’s ability to maintain operations without additional investment in plant after 2014.
- A steady decrease in customer operations expenses until leveling out at [REDACTED] per year beginning in Year 14 (2025), as a result of the reduction in cost of service.
- In addition to the cost-cutting measures implemented in 2012, revenues and expenses begin to further decrease in 2018. Revenues and expenses continue to decrease by 20% in 2018, 5% in 2019, 15% in 2020, 5% in 2021, 25% in 2022, 15% in 2023, 10% in 2024, and 5% in 2025, with a total reduction of approximately [REDACTED] between 2017 and 2026. Thereafter, expenses and revenues are maintained at a consistent level.
- The transition forecast does not take into account cost of living increases or unexpected events such as major service outages or environmental catastrophes.
- Because the transition forecast is calculated on a consolidated basis for AEE and WCC, the majority of the costs reflected in “Other Income & Expenses” are associated with cellular and broadband services.

As a reminder, both AEE and WCC are relatively new companies, with the wireline service in place only seven (7) years, the broadband service only five (5) years, and the wireless service only four (4) years. A long-term transition timeline is consistent with the Commission’s repeated promises of a measured and predictable transition path and, in particular, Commissioner Pai’s call for predictable USF support that allows companies to adequately plan their long-term investments into the future.⁴

² See Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket Nos. 10-90, *et al.*, 5-6, dated Feb. 28, 2013 (“AEE/WCC Feb. 28 Ex Parte”).

³ See, e.g., Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket Nos. 10-90, *et al.*, dated April 12, 2013; see also AEE/WCC Feb. 28 Ex Parte.

⁴ See Statement of Commissioner Ajit Pai, FCC, before the U.S. Senate Committee on Commerce, Science, and Transportation (March 12, 2013) (“Unlike the urban environment, rural carriers must carefully plan their

AEE and WCC continue to stand ready – as they have throughout the entire 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 Adak Island, one of the most remote areas in the country. 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.⁵

Respectfully submitted,



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Joseph Sorresso
Michael Steffen
Julie Veach
Margaret Wiener

infrastructure over a five-, ten-, or **twenty-year time scale** if they are to recover their costs ... [W]e need to think long and hard about the statutory command that universal service be ‘predictable.’”) (emphasis added).

⁵ See Petition for Waiver of Adak Eagle Enterprises, LLC, WC Docket No. 10-90, *et al.*, filed May 22, 2012; Petition for Waiver of Windy City Cellular, LLC, WC Docket No. 10-90, *et al.*, filed April 3, 2012.

Exhibit 1

Transition Plan

ENTIRE EXHIBIT REDACTED FOR PUBLIC INSPECTION

Exhibit 2

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

Executed on this 15th day of May 2013.



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