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May 20, 2013

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: Notice of *Ex Parte* Communication, WC Docket No. 10-90

Dear Ms. Dortch:

Virgin Islands Telephone Corporation (“Vitelco”) d/b/a Innovative Telephone, by its undersigned counsel, respectfully submits this *ex parte* communication in the above-referenced proceeding. By separate cover, Vitelco is today submitting a highly confidential Broadband Cost Model specific to the U.S. Virgin Islands (the “USVI BCM”), prepared for Vitelco by Parrish, Blessing & Associates, Inc.

Attached hereto as Attachment A is a nonconfidential summary of the USVI BCM, also prepared by Parrish, Blessing & Associates, Inc. The summary describes the methodology underlying the model and summarizes its results. The bottom line is that, even using conservative inputs, “the CACM’s cost calculations and the related CAF Phase II support calculations seriously understate Vitelco’s actual costs and the related CAF Phase II support calculations would fall far short of providing sufficient support for Vitelco to implement and maintain broadband services with the scope and scale contemplated by the ... Commission.” (Attachment A at page 4.) This is because, as shown at length in Attachment A and Vitelco’s previous submissions in this docket, inasmuch as the CACM is based on conditions on the U.S. mainland, it simply does not capture a variety of conditions specific to the USVI that dramatically increase the cost of providing broadband service there. As a result, as detailed in Attachment A at page 6, the total network investment required for a 4Mbps downstream/1Mbps upstream broadband network in the U.S. Virgin Islands is nearly *two and one-half times* that identified by CACM Version 3.1.

As previously stated in Vitelco’s submissions herein, at this time, Vitelco submits this model for the primary purpose of simply showing that the CACM-calculated support levels for the USVI are grossly inadequate. While the USVI BCM Vitelco is submitting is far more accurate than CACM, it is understood that the development of an overall

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method of calculating support for insular areas in Phase II must take into account a number of factors affecting each of the insular areas individually in determining how to apportion available funds among insular areas in Phase II.

While this is an important process, and while the USVI BCM should ultimately be an important part of this process, the Wireline Communications Bureau cannot hope to complete it without unduly delaying the roll-out of Phase II on the mainland. Thus, of the two alternatives accorded the Bureau in the Commission's delegation of authority to it, the first, a full revamping of the CACM to allow for the provision of adequate support to insular areas is not practicable. Vitelco therefore believes the proper course is to adopt the second alternative given by the Commission: freezing support to insular carriers at existing levels.

Please do not hesitate to contact the undersigned with any questions.

Respectfully submitted,

/electronically signed/

Russell M. Blau
Counsel for Virgin Islands Telephone Corporation

Attachment