



Federal Communications Commission
Washington, D.C. 20554

June 10, 2013

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20054

Re: *Connect America Fund*, WC Docket No. 10-90

Dear Ms. Dortch:

On June 6, 2013, Pat Whittle, Seth Davis, and Don Parrish, representing Virgin Islands Telephone Corporation (Vitelco) d/b/a Innovative Telephone; Gregory Vogt representing Hawaiian Telecom, Inc.; Walter Arroyo, Dave Blessing, and Tom Navin representing Puerto Rico Telephone Company, Inc.; and Leonard Steinberg, Rich Cameron, and Karen Brinkman, representing Alaska Communications Systems (collectively, outside parties) spoke with Carol Matthey, Steven Rosenberg, Amy Bender, Alexander Minard, Katie King, Dania Ayoubi, and Talmage Cox, all of the Wireline Competition Bureau (collectively, Bureau representatives).¹ The purpose of the meeting was to discuss Connect America Fund (CAF) Phase II funding to price cap carriers serving areas outside of the contiguous United States (non-contiguous areas), and to discuss particular inputs to the Connect America Cost Model (CAM) necessary to make the CAM more reflective of the unique costs these carriers face in serving non-contiguous areas.

To begin the discussion, Bureau representatives indicated that the outside parties' submissions received to date are insufficient in helping the Bureau understand how to better account for the operating conditions and challenges these carriers face in non-contiguous areas. The Bureau representatives asked the outside parties to focus on the specific aspects of operating in non-contiguous areas that might require adjustment in the model, such as the cost of submarine cable to transport traffic to the mainland or the cost of transporting equipment to the area, and asked what input values would need specific adjustment for non-contiguous areas.

When ACS noted its operating costs are higher than larger companies, Bureau representatives noted that the model assumes different operating costs based on groupings by company size. ACS stated that it may be at the smallest carrier within its size classification.

Several outside parties suggested that to provide an "apples to apples" comparison of costs faced by non-contiguous areas to those faced within the contiguous United States, they would need information from the Universal Service Administrative Company's (USAC's) contractor, CostQuest, about how the CAM's inputs were developed and the range of costs for specific types of equipment assumed in the model. PRTC stated that it did not know what equipment is assumed in the CAM. Vitelco representatives explained that they do not know enough about the CAM and its inputs and algorithms, and that they do not know what parameters were used in the input files. Vitelco representatives also argued that it would be helpful to understand the definition and specifications of the types of equipment that the ABC Coalition provided information for to qualitatively understand the CAM's inputs.

¹ Except for Pat Whittle, the outside parties attended via phone.

Bureau representatives indicated that any carrier-specific information that the ABC Coalition may have provided to CostQuest when it previously developed the CostQuest Associates Broadband Analysis Tool (CQBAT) model is proprietary. Rather than focusing on the costs of other providers, Bureau representatives indicated that it would be more helpful if representatives of the non-contiguous carriers could provide specific examples of their own costs associated with serving non-contiguous areas. Bureau representatives explained additional information about the CAM is available on the model website, and suggested the outside representatives consult the information available online.

The Bureau representatives also suggested the outside parties should submit questions and make specific inquiries through CostQuest's Help Desk ticketing process, which the outside parties said they had not used before, to get answers to their questions and document their inquiries.

Respectfully submitted,

/s/ Dania Ayoubi

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