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June 10, 2013

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Connect America Fund, High Cost Universal Service Support, WC Dockets 10-90 and 05-337

Dear Ms. Dortch:

On June 6, 2013, Puerto Rico Telephone Company, Inc. ("PRT") participated in a telephone conference organized by the Wireline Competition Bureau (WCB) with representatives of price cap carriers from the "non-contiguous portions of the United States" to discuss the Connect America Fund Phase II ("CAF II") proceeding. Specifically, Walter Arroyo, Director for Government and Regulatory Affairs for PRT, the undersigned from Wiley Rein LLP, and Dave Blessing, from Parrish, Blessing & Associates (PBA), participated on the call for PRT along with Richard Cameron and Leonard Steinberg of ACS, Karen Brinkman, counsel to ACS, Seth Davis of Vitelco, Patrick Whittle of Bingham McCutcheon, counsel to Vitelco, Don Parrish of PBA, and Greg Vogt, counsel to Hawaii Telecom. The WCB staff participating included: Carol Mattey, Steve Rosenberg, Amy Bender, Alex Minard, Dania Ayoubi, Katie King, and Talmage Cox.

The WCB staff expressed two points during the telephone call. First, that the full Federal Communications Commission provided the Wireline Competition Bureau instructions on how to determine Connect America Fund ("CAF") Phase II support for price cap carriers in "non-contiguous portions of the United States": either (1) adopt a cost model that adequately accounts for the unique costs of serving insular areas; or (2) maintain existing frozen support levels for those insular areas left out of the cost model.[1] Second, even though PRT, ACS, and Vitelco have submitted cost models, the Bureau did not believe those cost models and related inputs were compatible with the FCC's CACM, and requested that the carriers submit independently any "additional" data that establishes the "unique" "operating conditions and challenges" of insular areas.

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[1] *See Connect America Fund*, Report and Order, WC Docket No. 10-90, FCC 11-161, ¶ 193 (rel. Nov. 18, 2011) ("*USF/ICC Transformation Order*").

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On January 18, 2013, PRT submitted its "Broadband Cost Model: Puerto Rico (BCMPR)," a standalone , Puerto Rico-specific cost model.[2] Although PRT intends to continue to work with the WCB to determine the cost model that will adequately account for the unique costs of serving insular areas as mandated by the Commission, to the extent that the WCB seeks information distinguishing insular areas from the CACM, PRT relies on the input data submitted in its prior filing.[3]

During the telephone call, several carrier representatives also raised issues with the lack of transparency of the CACM and of the lack of transparency of the data used to populate the CACM.

Please let me know if you have any questions.

Respectfully submitted,

Thomas J. Navin
Counsel for Puerto Rico Telephone Company, Inc.

cc: Carol Mattey
Steve Rosenberg
Amy Bender
Alex Minard
Dania Ayoubi
Katie King
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[2] *See* Letter from Thomas J. Navin, Counsel to PRT, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90 and 05-337, Attachment A (PRTC model documentation), Attachment B (CQBAT analysis comparing insular and non-insular results) (filed Jan. 18, 2013); Letter from Thomas J. Navin, Counsel to PRT, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90 and 05-337 (filed Jan. 18, 2013) (submitting cost model).

[3] *See id.*