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March 11, 2014

Via ECFS

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

Re: WC Docket No. 10-90

Dear Ms. Dortch:

This is to notify you, as required by 47 CFR § 1.1206(b)(1), that Virgin Islands Telephone Corporation d/b/a Innovative Communications made an oral *ex parte* presentation regarding the above-referenced proceeding to Commission staff on March 4, 2014. The presentation was attended by the following persons:

U.S. Congress:

- Honorable Donna M. Christensen – Member of Congress, U.S. Virgin Islands
- Angeline Muckle-Jabbar – Senior Policy Advisor to Congresswoman Christensen

FCC Staff Members:

- Daniel Alvarez – Legal Advisor to Chairman Wheeler for Wireline, Public Safety and Homeland Security
- Sara Morris – Director, Office of Legislative Affairs
- Jim Balaguer – Associate Director and Senior Legislative Analyst, Office of Legislative Affairs
- Alexander Minard – Acting Deputy Division Chief, Telecommunications Access Policy Division, Wireline Competition Bureau

Innovative:

- Michael Katzenstein – FTI Consulting
- Shawn O'Donnell – President of Virgin Islands Telephone Corporation d/b/a Innovative Communications
- Donald Parrish – Parrish, Blessing & Associates, Inc.

The presentation covered the following topics:

Beijing
Boston
Frankfurt
Hartford
Hong Kong
Lexington (GSC)
London
Los Angeles
New York
Orange County
San Francisco
Santa Monica
Silicon Valley
Tokyo
Washington

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- Innovative described its ongoing network modernization program and highlighted that its program's goals are fully consistent with those of the Commission's Connect America Fund to provide for ubiquitous deployment of a broadband-capable network in the U.S. Virgin Islands ("USVI").
- Innovative's broadband build-out program was planned and undertaken with the expectation of a continuing level of federal support reflective of the actual costs faced by the Company to realize the goal of ubiquitous availability of broadband services.
 - o Innovative's network modernization program incorporates state of the art technology, the best available technical planning resources and an effective competitive bidding process that ensures the most efficient and cost-effective use of contractor resources.
 - o The actual cost characteristics of Innovative's modernization program, as incorporated in the USVI-specific cost data provided to the Bureau, are representative of the forward-looking cost basis deemed by the Commission as the appropriate basis for providing support to price cap companies.
- The latest version of the Connect America Fund Cost Model (CAM Version 4.0) does not adequately reflect the higher costs of constructing, operating and maintaining broadband-capable networks in the USVI, particularly with respect to higher contract labor costs faced in the USVI and the higher construction and operating costs associated with the volcanic, mountainous and hardrock terrain features of the USVI that are not incorporated into the CAM Version 4.0.
 - o Innovative urged that the Bureau should adopt the fully documented USVI-specific costs provided by Innovative; and should incorporate the publically available information related to the actual terrain characteristics of the USVI.
- The current customer take-rate for broadband services in the USVI is estimated to be between 35%-to-40%, and the achievable take-rate in the next few years would be on the order of 60%.
- If the CAM model and/or its inputs are not adjusted appropriately to ensure that the model adequately accounts for costs specific to the construction and operation of a broadband-capable network in the USVI, Innovative urges the Bureau to maintain the existing level of frozen support going forward.

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Sincerely yours,

/s/ Russell M. Blau

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cc: Honorable Donna M. Christensen
Angeline Muckle-Jabbar
Daniel Alvarez
Sara Morris
Jim Balaguer
Alexander Minard
Michael Katzenstein
Shawn O'Donnell
Don Parrish