



July 29, 2014

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

RE: **Ex parte filing** in WC Docket No. 10-90

Dear Ms. Dortch:

On June 28, Steve Merriam from Arctic Slope Telephone Association Cooperative (ASTAC), Dave Dengel from Copper Valley Telecom (CVT) and the undersigned from GVNW Consulting, Inc. (GVNW) conducted an ex parte meeting with Nicholas Degani from Commissioner Pai's office.

This ex parte meeting consisted of a discussion of the information contained in an AT&T July 15, 2014 presentation entitled "The Internet Interconnection Ecosystem" that asserts at slides 15-18 that the carriage of traffic is not without cost and that there are cost implications of carrying additional traffic. While sorely tempted to observe that our colleagues at AT&T were in essence refuting bill and keep approaches, we instead focused on the specific factors that create higher than average costs for carriers such as ASTAC and CVT and the entire subset¹ of rural carriers serving high cost territory.

¹ For the WCB staff who assert that carriers should accept a philosophy that assumes that all providers' exhibit average cost characteristics, they simply ignore basic mathematic principles. Even the recently rejected quantile regression analysis that was unanimously set aside by the five Commissioners in the April 2014 Omnibus Order recognized that there was a difference in cost characteristics between providers in the United States.

For carriers in Alaska that provide service to one of the most resource-rich areas of our country that helps fuel the national economy, this service is provided in an environment that in many places lacks a road system, commercial power and is impacted by extreme geographical and climactic challenge. It is a particularly puzzling conclusion in light of the fact that such staff have had the opportunity to observe rural Alaska and its challenges on a visit to Copper Valley that included the most expensive portion to construct of the Trans-Alaska Pipeline System (TAPS) and for ASTAC which serves an area larger than Minnesota, not an average cost endeavor. Nor is providing broadband in either area an average cost project under any metric.

Ignoring empirical data is a poor basis for formulating public policy that should be geared to achieving a national broadband plan instead of an urban broadband bias. We complimented both Commissioners Pai and Rosenworcel, who after having visited Alaska have reflected a national focus to their public policy approach. We sincerely hope that both Chairman Wheeler and Commissioner O'Rielly will reach similar conclusions after Alaska is honored to host their upcoming visit this August 20-28.

We also reviewed the steps that Copper Valley and ASTAC are engaged in to increase capacity and bandwidth available to their customers. We also discussed implications of the FCC Omnibus Order, including cost recovery proposals and the possibility of using some of the cumulative amount that the legacy fund has been “below the cap” in recent years to aid in the transition to new broadband support mechanisms. We also highlighted several key portions of NTCA’s proposal in the Open Internet proceeding regarding Title II treatment of transport facilities.

As required by the Commission’s rules, this ex parte record is now filed in the above referenced docket. If there are any questions, please call me on 503.612.4409.

Respectfully submitted,

Via ECFS 7/30/14

Jeffrey H. Smith
President and CEO

Copy to
Nick Degani, FCC
Dave Dengel
Steve Merriam