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ACCEPTED/FILED

AUG 22 2014

Federal Communications Commission
 Office of the Secretary

Monica S. Desai
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August 22, 2014

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

**Re: REDACTED – FOR PUBLIC INSPECTION
 Adak Eagle Enterprises, LLC Request for Confidential Treatment and Redacted
 Submission of Information**

Dear Ms. Dortch:

On behalf of Adak Eagle Enterprises, LLC (AEE) and Windy City Cellular (WCC) (collectively, the Companies) and in accordance with the Protective Order adopted in the above referenced proceedings,¹ enclosed please find a Request for Confidential Treatment and two (2) copies of the Redacted version of the AEE and WCC responses to the request for additional information issued by the Federal Communications Commission (FCC or Commission) by letter dated August 12, 2014. The Companies are also submitting one (1) copy of the Confidential version of the filing with the Office of the Secretary, and two (2) additional copies of the Confidential version of this filing are being delivered to Lynne Hewitt Engledow, Pricing Policy Division, Wireline Competition Bureau, Federal Communications Commission.

¹ *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Protective Order, 25 FCC Rcd 13160 (Wireline Comp. Bur. 2010).

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REDACTED – FOR PUBLIC INSPECTION

Squire Patton Boggs (US) LLP

August 22, 2014

Should you have any questions concerning the foregoing request, please contact the undersigned.

Respectfully submitted,



Monica S. Desai
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*Counsel to Adak Eagle Enterprises, LLC and
Windy City Cellular, LLC*

ACCEPTED FILE

AUG 22 2014

Federal Communications Commission
Office of the Secretary

August 22, 2014

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

Re: Request for Confidential Treatment – Adak Eagle Enterprises, LLC in CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 Before the Federal Communications Commission

Dear Ms. Dortch,

On behalf of Adak Eagle Enterprises, LLC (AEE) and Windy City Cellular, LLC (WCC) (collectively, the Companies) and in accordance with the Protective Order issued in the above referenced proceedings¹ and Federal Communications Commission (FCC or Commission) rules—specifically Section 0.459² of the Commission's rules—AEE and WCC request Confidential Treatment of certain information located in the attached response to the request for additional information issued by the FCC by letter dated August 12, 2014. In particular, AEE and WCC request Confidential Treatment of certain information in the responses to questions 4, 5, 10, and 14, and for all of the attachments included at Exhibits 2 – 6 of said response (collectively, Confidential Information).³ Accordingly, AEE and WCC hereby seek Confidential Treatment, request that the Confidential Information be withheld from public inspection, and answer the questions set forth in Section 0.459 of the Commission's rules.⁴

¹ *Connect America Fund et al.*, WC Docket 10-90 et al., Protective Order, 25 FCC Rcd 13160 (Wireline Comp. Bur. 2010).

² 47 U.S.C. § 0.459.

³ The above referenced Attachments respond to questions 3, 4, 5, 10, 14, 16, and 17 of the Commission's August 12, 2014 letter.

⁴ 47 U.S.C. § 0.459.

(1) Identification of the specific information for which confidential treatment is sought.

All of the information designated as “Confidential Information” being submitted herewith is confidential commercial information under Exemption 4 of the FOIA.⁵ As explained in more detail below, the Confidential Information contains proprietary commercial and financial information. Accordingly, pursuant to Section 0.459(a) AEE and WCC request that such information not be made routinely available for public inspection.⁶

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission.

The information is being provided to the Commission as part of the petitions for waiver filed by AEE and WCC⁷ of Section 54.302 of the Universal Service Fund and Inter-carrier Compensation reform rules adopted by the Commission as part of its November 18, 2011, Report and Order.⁸

(3) Explanation of the degree to which the information is commercial or financial or contains a trade secret or is privileged.

The data and explanations contained in the Confidential Information are not customarily disclosed to the public or within the industry. The confidential documents show sensitive financial information related to AEE and WCC. The Confidential Information also reveals details about AEE’s service area; procedures for allocating costs; revenue and expense data; and projected revenues and expenses pertaining to AEE and WCC. The disclosure of such information would cause harm to AEE and WCC. This sensitive commercial and financial information is not made available to the public by AEE or WCC.

(4) Explanation of the degree to which the information concerns a service that is subject to competition.

The data and explanations contained in the Confidential Information being provided to the Commission describe the business and operational details of AEE’s communications network that it provides on Adak Island in Alaska, as well as business and operational details with respect to WCC.

⁵ 5 U.S.C. § 552(b)(4)

⁶ 47 U.S.C. § 0.459(a).

⁷ Petition for Waiver of Adak Eagle Enterprises, LLC, WC Docket No. 10-90, *et al.* (filed May 22, 2012); Petition for Waiver of Windy City Cellular, LLC, WC Docket No. 10-90, *et al.* (filed Apr. 3, 2012).

⁸ *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011).

All of the Confidential Information concerns competitive voice and broadband services. Indeed, Alaska Wireless competes to provide communications services in the downtown area of Adak.

(5) Explanation of how disclosure of the information could result in substantial competitive harm.

The presence of competition in downtown Adak and the likelihood of competitive injury threatened by release of the information provided to the Commission by AEE and WCC should compel the Commission to withhold the Confidential Information from public disclosure. The Commission has provided assurances that it is “sensitive to ensuring that the fulfillment of its regulatory responsibilities does not result in the unnecessary disclosure of information that might put its regulatees at a competitive disadvantage.”⁹

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure.

In order to prevent unauthorized disclosure of the subject information, and pursuant to the Protective Order issued in these proceedings,¹⁰ AEE and WCC are filing a confidential version of this filing with the Office of the Secretary. AEE and WCC take routine measures to ensure the confidentiality of this information during normal business operations.

(7) Identification of whether information is available to the public and the extent of any previous disclosure of the information to third parties.

The data and explanations contained in the Confidential Information are not available to the public or to any third parties.

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure.

As noted in response to question (1) above, all of the data and explanations being submitted herewith is confidential commercial information under Exemption 4 of the FOIA.¹¹ Consequently, neither AEE nor WCC would ever make this information available publicly due to its sensitive and proprietary nature. For this reason, AEE and WCC respectfully request that the Commission protect this information from public disclosure in perpetuity.

⁹ *Examination of Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, Report and Order, 13 FCC Rcd 24816, ¶ 8 (1998).

¹⁰ See *supra* note 1.

¹¹ 5 U.S.C. § 552(b)(4).

August 22, 2014

(9) Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted.

The Confidential Information contains proprietary commercial and financial information, which AEE and WCC will forever keep confidential. Because of the competitive sensitivity of the Confidential Information, AEE and WCC seek confidential treatment indefinitely.

Should you have any questions concerning the foregoing request, please contact the undersigned.

Respectfully submitted,



Monica S. Desai
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*Counsel to Adak Eagle Enterprises, LLC and
Windy City Cellular, LLC*



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RECEIVED

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August 22, 2014

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

**Re: CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN
CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135 AND 10-90 AND GN
DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS
COMMISSION
Adak Eagle Enterprises, LLC Request for Confidential Treatment and Confidential
Submission of Information**

Dear Ms. Dortch:

Adak Eagle Enterprises, LLC (AEE) and Windy City Cellular (WCC) (collectively, the Companies) submits herein responses to the request for additional information issued by the Federal Communications Commission (FCC or Commission) by letter dated August 12, 2014.¹ The [] symbols in this Confidential version denote Confidential Information.

AEE and WCC provide quality telecommunications services to remote Adak Island, Alaska. The Companies understand the importance of ensuring that Universal Service funds are being used appropriately to provide service to such remote areas, and are eager to conclude this administrative process so that service to remote Adak Island, Alaska may continue.²

Since the process first began, AEE and WCC have worked diligently to respond quickly and comprehensively to the numerous questions posed by Commission staff. In fact, almost exactly two years ago to this day, the Wireline Competition Bureau (WCB) and Wireline Telecommunications

¹ See Letter from Carol E. Matthey, Acting Chief, Wireline Competition Bureau, to Larry Mayes, President/CEO, Adak Eagle Enterprises, LLC and Windy City Cellular, LLC (Aug. 12, 2014).

² Petition for Waiver of Adak Eagle Enterprises, LLC, WC Docket No. 10-90, *et al.* (May 22, 2012)(Adak Petition); *see also* Petition for Waiver of Windy City Cellular, LLC, WC Docket No. 10-90, *et al.* (Apr. 3, 2012).

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Bureau (collectively, the Bureaus) sent AEE and WCC a set of questions requiring 39 responses.³ The Companies, without complaint, expended considerable resources and pulled all-nighters to rapidly gather comprehensive responses.⁴ The Companies received no response, nor a single question, related to the hundreds of pages of information provided in 2012. Today the Companies are submitting their first set of responses to a new round of 40 questions (17 questions plus subparts). The Companies are hopeful that this time, the Bureaus will engage in a dialogue with the Companies related to their responses, and will ask questions if any information needs clarification. Again, the Company is working around the clock to provide comprehensive responses rapidly.

The Companies hereby submit responses to **questions 3, 4, 5, 10, 14, 16, and 17**. The remaining information will be provided in supplements on a rolling basis as rapidly as possible.

3) For the calendar years 2011, 2012, and 2013, please provide the unconsolidated balance sheets, income statements, and cash flow statements for ATU. For the same years also provide the consolidating transactions that when added to ATU's unconsolidated financial statements equal the audited, AEE consolidated balance sheets, income statements and cash flow statements for those years, as filed in this waiver proceeding. Please provide this information in either Microsoft Excel format (.xls or .xlsx), or Comma Separated Values format (.csv).

Please see the attachments at Exhibit 2. AEE is submitting the audit for each year that shows the consolidated financial statements, including the 2013 Audit. AEE notes that the financials requested in this question are not available in Microsoft Excel (.xls or .xlsx) format or Comma Separated Values format (.csv), and it would take a substantial investment of time and resources to input the past information into the requested format. The Companies are happy to work with Bureau staff to determine whether imputing the past information into this format is necessary for review, or whether there may be some other way to provide the information in a manner that would facilitate review. The Companies will be submitting current information in a Microsoft Excel format.

4) What is AEE's planned timeline for:

A. Selling the Anchorage administrative building?

As explained in prior filings, although the Companies do not believe it is cost effective in the long term to sell the administrative building, the Companies nevertheless have placed the building

³ See Letter from Julie A. Veach, Chief, Wireline Competition Bureau and Ruth Milkman, Chief, Wireless Telecommunications Bureau, to Larry Mayes, President/CEO, Adak Eagle Enterprises, LLC and Windy City Cellular, LLC (Aug. 21, 2012) (16 questions with subparts).

⁴ See Adak Eagle Enterprises, LLC and Windy City Cellular, *Ex Parte Notices and Submissions of Supplemental Information*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, filed on the following dates: August 20, 2012; August 21, 2012; August 22, 2012; and August 27, 2012.

for sale through a real estate agent.⁵ The building remains for sale. The administrative building has had about a dozen showings since it was placed on the market approximately a year ago. The market for commercial real estate in the area has been weak. However, AEE believes the market for commercial real estate in the area will pick up significantly by the end of next summer because the area is being turned into the University of Anchorage Alaska (UAA) medical business district. Construction for a road that would link the area directly to UAA hospital has just been approved and it is likely construction of the road will occur in the summer of 2015.⁶ Once construction of the road is completed and provides convenient access to the UAA hospital, it is likely the market for selling commercial real estate in the area will improve.

Also to address concerns raised by the Bureaus, AEE abandoned plans to purchase the administrative building from L&A Property, which is owned by AEE's and WCC's CEO, Larry Mayes, and COO, Andilea Weaver. As explained previously, Mr. Mayes and Ms. Weaver initially purchased the administrative building in 2007 because AEE, as a brand new company, did not have established credit allowing it to lease a building.⁷ Mr. Mayes and Ms. Weaver used personal funds to purchase the building. Ms. Weaver took money from her 401(k) plan, and Mr. Mayes refinanced his home in order to make it possible for AEE to lease space. RUS reviewed and approved this lease arrangement.

L&A Property has never made a profit from leasing the administrative building.⁸ The monthly lease payment for the building is equal to the monthly mortgage payment for the property, which is [REDACTED]. Moreover, L&A Property has charged rent that is lower than the rent for the building charged by its previous owner at the time of purchase, and the rent charged has never been increased since the building was purchased in 2007.

AEE analyzed the cost impact of moving its administrative offices into another leased building in Anchorage instead of leasing its current building from L&A Property, and in the course of that analysis, discovered that the monthly rent being charged to AEE is far below market value. AEE obtained an independent third-party appraisal of market rents for comparable buildings.⁹ The independent third-party appraisal assessed the market rent for a comparable or inferior building to be almost \$11,000 a month.

⁵ See FCC Order No. DA 13-1578 at ¶¶ 36-37, WC Docket No. 10-90, WT Docket No. 10-208 (July 15, 2013)(*Denial Order*); see also Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, *Petition for Reconsideration* at Exhibit 3 (real estate listing for administrative building)(Aug. 14, 2013)(*Petition for Reconsideration*).

⁶ Anchorage has a very short construction season that is often limited to the summer season. Road construction is limited during winter months.

⁷ See Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, *Notice of Ex Parte* at 10-11, WC Docket No. 10-90, *et al.* (Apr. 12, 2013)(“Apr. 12, 2013 Ex Parte”).

⁸ See April 12, 2013 Ex Parte at 11.

⁹ See Apr. 12, 2013 Ex Parte at Attachment 3 (AEE Administrative Building Rent Comparison).

In addition, the Companies did investigate the possibility of combining lease agreements with other communications carriers to house administrative facilities.¹⁰ As explained previously, even with the now reduced number of employees, AEE and WCC still utilize the space provided in the current administrative building to house not only its staff but also the companies' customer service information, IT, accounting files, storage of all corporate paperwork, other files, servers, and computers, as well as storage and staging of all equipment shipped to Adak Island for maintenance and repair operations when needed.¹¹ As a result, it does not appear to be a workable solution to sublease space in the building to a third party.

B. Selling the boat?

In the *Denial Order*, the Bureaus questioned the need for AEE to have purchased an HT Galley Boat.¹² As explained previously, this boat is used to provide service to the fish plant, and to provide fiber to the port in addition to fiber for a planned missile defense system and a floating radome.¹³ RUS determined that because Adak Island is surrounded by water, and because it is difficult to easily access the use of a boat when a boat may be needed, the purchase of a boat to lay fiber around the island was necessary and made financial sense. Accordingly, RUS approved the purchase of the boat as essential to company operations. Subsequently, the boat was purchased in 2008 for [REDACTED]. It cost AEE an additional [REDACTED] to have the boat transported via barge to Adak Island for a total cost of [REDACTED]. The boat was specifically modified for the purpose of laying fiber around the Island and holds a cable reel and fiber. This is not a leisure boat. Nor can the boat be used for other purposes unless the boat is modified.

To address the Bureaus' concerns in the *Denial Order*, AEE requested permission from RUS to sell the boat. AEE requested and received the paperwork from RUS that would allow AEE to sell the boat. The process for selling the boat requires AEE to submit a purchase request and to obtain approval from an RUS local field office. A final sale could not occur without RUS approval.

After receiving the paperwork, and after undergoing further analysis, AEE determined it would not make economic sense to sell the boat. As explained above, the boat can only be used for laying fiber. There is no other entity on the Island with a need for a boat to lay fiber and therefore the market for purchasing such a boat is extremely limited. The boat would have to be refurbished to use it for any other purpose. In addition, the boat is 6 years old with a useful life cycle of between 7-10 years with proper maintenance. AEE estimates that it would likely only receive \$40,000-\$50,000 from the sale of the boat (if it could find a purchaser at all).

¹⁰ See *Denial Order*, ¶ 37; see also Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, *Notice of Ex Parte* at 9, WC Docket No. 10-90, *et al.* (May 31, 2013) ("May 31, 2013 Ex Parte").

¹¹ See Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, *Notice of Ex Parte* at 7, WC Docket No. 10-90, *et al.* (Feb. 28, 2013).

¹² See *Denial Order* at ¶ 38, and at note 130.

¹³ See Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, *Notice of Ex Parte* at 10, WC Docket No. 10-90, *et al.* (Aug. 20, 2012) ("Aug. 20, 2012 Ex Parte").

A boat will continue to be necessary in the future to perform maintenance and repairs to the fiber that has already been laid. The boat is used for maintaining the fiber connection at the dock and for use in testing wireless signal strength from different locations around Adak Island from the ocean. At this time, there are no other boats on Adak Island that are outfitted to lay fiber or perform maintenance. If AEE needed to rent a boat from elsewhere, it would likely need to be rented from a location on the mainland, such as Tacoma, Washington. The boat would need to be placed on a barge from wherever it is rented from. For example, there is a barge that runs from Tacoma to Seward, Alaska. Typically barges will only move from Seward to Adak once enough freight accumulates on the barge to make it profitable to ship to Adak, and this usually requires at least \$100,000 of freight charges to make it feasible to sail the barge to Adak. This usually occurs only about twice a year, if that. In addition, the cost to barge a boat is expensive. For example, taking a barge from Tacoma to Seward alone is approximately \$10,000. Then there is an additional cost to barge a boat from Seward to Adak – which is approximately another \$10,000 charge. Thus, the total cost for transport roundtrip would be approximately \$40,000, which is also approximately equal to the current market value of the boat. This number does not include the amount of the boat rental itself or the time wasted in waiting for the arrival of the boat while fiber may need to be maintained or fixed.

The total annual cost of maintaining the boat, including repair and maintenance, fuel, insurance, and shipping costs for the past year was approximately [REDACTED]. After the Bureau issued the *Denial Order*, the companies did initially move forward to begin the process of selling the boat. However, after undergoing this evaluation, AEE abandoned any plans to sell the boat given its age, minimal resale value, the lack of potential buyers for the boat on Adak Island, and the expense and time associated with obtaining a rental for use of a boat related to essential maintenance and repairs of fiber.

5) Is AEE exploring any additional cost reduction measures? If so, please describe them, their implementation timeline, and their anticipated annual cost savings.

The Companies have emphasized throughout the waiver process that because Adak Island is an inherently high-cost area due to its remoteness and extremely challenging conditions, the company can reduce operating costs only so far while continuing to provide comprehensive service in a safe manner. Operating costs on Adak Island will inevitably be higher compared to carriers in other parts of the country, or even in other parts of Alaska. Adak Island is one of the most remote areas in the entire United States. It is located in the vicinity of an active volcano and is in both an earthquake and tsunami zone.¹⁴ It has frequent cyclonic storms with winter squalls producing wind

¹⁴ In fact, as AEE explained in a recent ex parte notice, an 8.0 magnitude earthquake hit Adak Island in late June, forcing the 300 adults and children on Adak to evacuate to Bering Hill—the highest point on the Island. While they waited to receive the “all-clear” from emergency personnel, WCC served as the only source of cellular communications for the evacuees. In yet another illustration of the critical need for WCC’s service, last year the WCC White Alice site was instrumental in the emergency rescue of an individual lost in blizzard conditions. See Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, *Notice of Ex Parte*, WC Docket No. 10-90 and WT Docket No. 10-208 (June 24, 2014).

gusts in excess of 100 knots, extensive fog storms in the summer, and an average accumulated snowfall of 100 inches. The island is infested with large Norwegian rats that regularly chew through communications infrastructure (requiring the use of expensive armored cable). The island also is saturated with active bombs that make trenching and digging extremely complicated.¹⁵ Supplies and equipment must be shipped in by barge, which is very costly. Nevertheless, the Companies have taken a number of steps to drastically reduce costs over the last 2 ½ years since filing the waiver request.

- AEE has slashed its payroll expenses. It has reduced its original staff of 19 employees down to 5 full-time employees, and 7 employees on reduced schedules ranging from 10 hours per week to 32 hours per week. One of those 5 full-time employees, [REDACTED] plans to retire within a year, and when he does, AEE will use contract labor, which will result in additional savings. In addition, as explained in prior filings, the companies' CEO and COO have voluntarily taken drastic salary reductions, even though their salary figures were already within the range of comparable base salary figures based on figures provided through the NTCA salary survey and through the Alaska Department of Labor.¹⁶ The executive salaries do not reflect the entire salary history during which the CEO and COO did not take any salary for the first two years of operations. Overall, as a result of the companies' elimination of staff positions, the executives' voluntary salary reductions, and the reduction in employees' weekly hours, the companies have reduced annual salary expenses by approximately [REDACTED] compared to pre-USF/ICC Transformation Order levels in 2011.¹⁷
- The companies have largely eliminated travel and training expenses.
- The companies canceled the construction of the Clam Lagoon cell site.¹⁸ This site was planned for the purpose of providing improved coverage to the northern portion of WCC's study area and network redundancy needed to prevent service interruptions that would otherwise occur if another cell site experiences operational problems due to the island's severe climactic conditions. The Clam Lagoon site also would have offered expanded service on the island.
- As explained in prior filings, WCC has shut down the retail store.¹⁹ The company now stores routers, chargers, phones, cases and other related items for customers in the telex

¹⁵ April 12, 2013 Ex Parte.

¹⁶ See *Petition for Reconsideration* at 3; Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, *Notice of Ex Parte* at 7, WC Docket No. 10-90 and WT Docket No. 10-208 (June 11, 2012); Aug. 20, 2012 Ex Parte at 6.

¹⁷ See *Connect America Fund, et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17633 (2011) (*USF/ICC Transformation Order*).

¹⁸ See May 31, 2012 Ex Parte at 10.

¹⁹ See *Petition for Reconsideration* at Exhibit 2 (flyer announcing closure of retail store as of July 25, 2013).

building, and allows customers to access a limited part of the telex building for such items.

The Companies have attempted to identify additional ways to further reduce operating expenses. The Companies continue to recommend that as a way to further reduce costs, the Commission should allow the companies to move forward with the RUS-approved construction of a warehouse to house equipment, vehicles, and maintenance operations in a heated facility protected from the severe weather conditions on Adak Island. The equipment and vehicles, valued at over [REDACTED], are essential for normal operations and include items such as fiber, outside plant equipment, a fiber blower, conduit, concrete for road repairs, a concrete saw, snow removal equipment, a splicing van, and utility trucks.

Currently, the equipment and vehicles are stored in three smaller, unheated warehouses that that cost [REDACTED] to rent. Those warehouses leak and do not provide adequate protection from the island's severe weather. AEE's mechanic works out of one of the unheated warehouses, but due to weather is limited in when he can work, which leads to inefficiency in work product and lost time. In addition, the three smaller, unheated warehouses are not large enough to house all of the equipment and materials, which are now being housed outside and are deteriorating and at risk of ruin due to the severe weather on the island.

Constructing the RUS-approved warehouse and making monthly payments on the construction loan would result in substantial cost savings over the long term. The cost of completing construction of the new warehouse would be approximately [REDACTED], resulting in a monthly payment of approximately [REDACTED], assuming an estimated loan interest rate of [REDACTED]. Construction of a warehouse would eliminate ATU's [REDACTED] monthly payment to the Aleut Corporation. This would result in long-term savings of approximately [REDACTED] per year going forward. RUS had examined all of this and decided that it made both fiscal and practical sense to move forward with the construction of the warehouse, and accordingly approved the loan.

Significantly, the Companies planned and obtain RUS approval for the construction of this warehouse before funding was cut by the *USF/ICC Transformation Order*. Moreover, the concrete needed to build the warehouse is already on location and will ruin if not used in the near future. AEE already paid a significant expense of [REDACTED] to have the concrete and other necessary building materials for the warehouse purchased and shipped to Adak Island by barge and is unable to incur the expense of transporting these materials off the island.

Construction of a warehouse would allow AEE to consolidate all of its operations on Adak Island in one centrally located heated facility. This would lead to greater efficiency across all aspects of the business and will increase the lifespan of materials and equipment. The companies continue to believe this is a sound, fiscally sensible long-term investment that would result in savings.

10) Please provide the total current accounts receivable to ATU as of December 31, 2013 from the following ATU affiliates:

- A. Windy City Cellular
- B. Windy City Broadband
- C. Adak Cablevision

Please provide an annual dollar amount for each of the three entities above.

Please see the attached spreadsheets at Exhibit 3. The Accounts Receivable owed to ATU from the three entities listed above as of December 31, 2013 are:

- A. Windy City Cellular [REDACTED]
- B. Windy City Broadband [REDACTED]
- C. Adak Cablevision [REDACTED]

Please see the attached spreadsheets, also at Exhibit 3. The Accounts Receivable owed to ATU as of June 30, 2014 in Detail from the entities above are:

- A. Windy City Cellular [REDACTED]
- B. Windy City Broadband [REDACTED]
- C. Adak Cablevision [REDACTED]

14) Please provide a list of all of ATU's employee positions by position title, including those that are currently vacant but that ATU is planning to fill within one year. Please indicate whether each position is full-time or part-time.

Attached at Exhibit 4 is an organization chart and detailed descriptions of each of the company positions. The following list summarizes ATU's employees by position, and reflects certain positions have reduced hours:²⁰

- [REDACTED]

²⁰ See Ex. 4, Organization Chart and Position Descriptions.

August 22, 2014

service quality and customer care. The Companies have met every single requirement outlined by the Commission for obtaining a waiver, and have expended substantial time, labor, and money to provide detailed information in support of their request.²² As emphasized by the entire Alaskan Congressional delegation “without prompt action, the denial of AEE’s and WCC’s request will cause undue harm to the remote community in Adak, Alaska.”²³

Should you have any questions concerning the foregoing information, please contact the undersigned. Responses to the remaining questions will be forthcoming as quickly as possible.

Respectfully submitted,



Monica S. Desai
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 2550 M Street, NW
 Washington, DC 20037
 202-457-7535
*Counsel to Adak Eagle Enterprises, LLC and
 Windy City Cellular, LLC*

²² See *USF/ICC Transformation Order* at Section G.

²³ See Ex. 1, Letter from Sen. Lisa Murkowski, Sen. Mark Begich, and Congressman Don Young, to Chairman Thomas Wheeler, and Commissioners Mignon Clyburn, Jessica Rosenworcel, Ajit Pai, and Michael O’Rielly, Federal Communications Commission (Aug. 1, 2014)(2014 Congressional Delegation Letter). See also Letter from Sen. Lisa Murkowski, Sen. Mark Begich, and Congressman Don Young, to Acting Chairwoman Mignon Clyburn, Federal Communications Commission (Oct. 17, 2013); Letter from Sen. Lisa Murkowski, Sen. Mark Begich, and Congressman Don Young, to Chairman Julius Genachowski, Federal Communications Commission (Apr. 20, 2012).

REDACTED – FOR PUBLIC INSPECTION

EXHIBIT 1 – Alaskan Congressional Delegation Letters

REDACTED

REDACTED – FOR PUBLIC INSPECTION

Congress of the United States

Washington, DC 20510

August 1, 2014

The Honorable Thomas Wheeler, Chairman
The Honorable Mignon Clyburn, Commissioner
The Honorable Jessica Rosenworcel, Commissioner
The Honorable Ajit Pai, Commissioner
The Honorable Michael O’Rielly, Commissioner
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

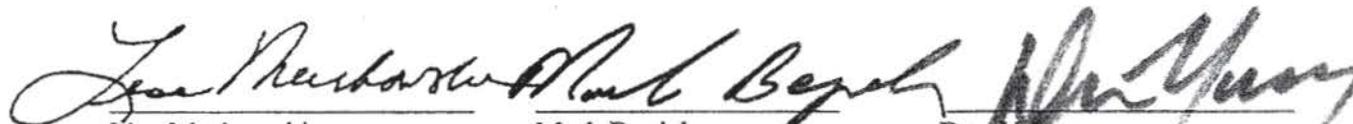
Dear Mr. Chairman and Commissioners,

Over the past two years, the Alaska Delegation has written to you in support of Adak Eagle Enterprises, LLC (AEE) and its affiliate, Windy City Cellular, LLC (WCC) from rules adopted by the Commission in the USF/ICC Transformation Order. We have done so out of a strong concern that, without prompt action, the denial of AEE’s and WCC’s request will cause undue harm to the remote community in Adak, Alaska. You will recall the Delegation submitted a letter to the Commission last October urging reconsideration of a denial of the Petitions for Waiver filed by AEE and WCC. We understand that the interim order for continued funding for AEE and WCC pending resolution of its pending petition and application for review is about to expire. Still, that appears little indication that a resolution is forthcoming from the Bureau or the Commission.

We write to you once again to express our concern over the delay in processing AEE’s and WCC’s petition and application and refer you to our prior letters outlining those concerns (attached for your reference). However, before a final decision is made, we renew our invitation for the FCC to send a representative or representatives to Adak Island to observe and experience the unique conditions under which AEE and WCC operate in order to serve the rural and remote community of Adak.

The community and residents of Adak deserve this much. We are happy to assist you in making the necessary travel arrangements. Thank you for your attention to this matter.

Sincerely,


Lisa Murkowski Mark Begich Don Young
United States Senator United States Senator Congressman for All Alaska

REDACTED -- FOR PUBLIC INSPECTION

United States Senate

WASHINGTON, DC 20510

April 20, 2012

Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Dear Chairman Genachowski:

The Alaska Congressional Delegation is writing in regard to the petition for waiver filed by Windy City Cellular on April 3. Our concern in this matter pertains to the impact on the people of Adak and the Bering Sea fishing fleet. Windy City Cellular has been providing a valuable telecommunications service to the community of Adak and the fishing fleet. We are concerned that if the company is unable to continue its operation, the impact on the residents and the fishing fleet will be detrimental.

Adak is at the far end of the Aleutian Chain. It is 1,197 miles from Anchorage. In comparison, that is the distance from the FCC's Washington DC office to its Resident Agent Office in Houston, Texas. Adak is arguably the most remote community in the United States. Therefore, as you can imagine, Adak's dependence on telecommunications is enormous. The risk of losing wireless telecommunications services presents a crisis and jeopardizes an integral part of an industry that supplies the United States with fifty percent of its seafood.

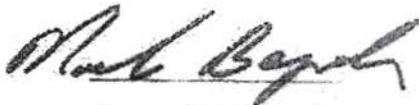
As we understand it, Windy City Cellular has indicated that it has the financial resources, after the reduction in its Universal Service Fund revenues, to continue operating for only a couple of weeks. Since Windy City's waiver was noticed on April 9, a 45-day comment period has begun to be followed by an additional 45 days allowed under commission rules for a response. We will be monitoring this timeframe very closely.

Given the serious implications that Windy City Cellular faces, we urge you to act as quickly as possible in rendering a decision on this petition. In the case that Windy City Cellular ceases operation, the negative impact on the people of Adak and the fishing fleet in the Bering Sea will be most severe.

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We look forward to continuing to work with you and your staff. Please contact Andrea Sanders in Senator Begich's office at 202-224-3004, Jeremy Price in Senator Murkowski's office at 202-224-6665, and Jason Suslavich in Congressman Young's office at 202-225-5765 for further details. Thank you in advance for your prompt response.

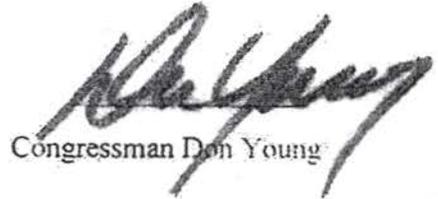
Sincerely,



Senator Mark Begich



Senator Lisa Murkowski



Congressman Don Young

CC: Commissioner Clyburn
Commissioner McDowell

REDACTED -- FOR PUBLIC INSPECTION

Congress of the United States
Washington, DC 20515

October 17, 2013

The Honorable Mignon Clyburn, Acting Chairwoman
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Dear Mme. Chairwoman;

We are writing to strongly urge the Federal Communications Commission (FCC) to reconsider the denials of the Petitions for Waiver filed by Adak Eagle Enterprises, LLC (AEE) and its affiliate Windy City Cellular, LLC (WCC) from rules adopted by the Commission in the USF/ICC Transformation Order. We fear that, without prompt action, the denial of these waivers could cause undue harm to the Adak community.

Several negative effects caused by the waivers' denials are already being felt throughout the Adak community. Thus far, AEE and WCC have reduced the number of their employees by half and were forced to close their only retail store on the remote island of Adak. Unfortunately, unlike most places in the Lower 48, where the next closest retail store is just 40 miles away in an adjacent town, Adak is different. For the residents of Adak, the next closest retail store, of any kind, is over 450 sea miles away, across the desolate and dangerous Bering Sea. Yet, due to this closing, if AEE or WCC customers wish to remain customers of AEE or WCC (and not switch to a competitor), they must now travel a short 1,200 miles to Anchorage to the only other retail location operated by AEE and WCC.

As a result of the FCC's decision on this matter, we are also concerned that both governmental functions and public safety could be jeopardized on Adak. Numerous tribal, local, state, and federal government agencies and departments remaining on Adak— including the City of Adak, Adak Police Department, Marine Exchange of Alaska, Aleut Corporation, Adak Community Development Corporation, Alaska Maritime National Wildlife Refuge, U.S. Department of the Interior, Fish and Wildlife Service, Eastern Aleutian Tribes, and the U.S. Geological Survey – have expressed in letters to the FCC their reliance on AEE and WCC. Just as important, AEE and WCC appear to provide the only fully-functional and reliable 9-1-1 service on Adak.

Ultimately, we ask the FCC to fully consider the ramifications of AEE and WCC declaring bankruptcy. One likely consequence is that AEE will default on its Rural Utilities Service (RUS) loan, jeopardize U.S. tax dollars in the process, and destabilize a reliable portfolio of RUS loans. This issue is precisely what the FCC promised to "consider" in the USF/ICC Transformation Order when evaluating waiver requests.

REDACTED -- FOR PUBLIC INSPECTION

In addition, the on-going uncertainty created by the FCC's reforms has already produced a chilling impact on infrastructure development. In fact, the FCC's reforms have actually hurt the very type of investment the FCC says is needed to connect rural and remote areas. Meanwhile, as a result of the FCC's decision on AEE and WCC, a second telecommunications company in Alaska, a customer owned cooperative serving communities that are predominantly Alaska Native, has curtailed its investments in remote areas. In fact, this company recently advised the Rural Utilities Service (RUS) that, based on the FCC's positions stated in the Order denying AEE's and WCC's waiver, it will not draw funds from its previously approved RUS loan and will not attempt to complete construction of its wireless system in several remote villages in the Arctic. Not only does this pose a public safety risk to the Alaskans who live in those villages, but it is also the beginning of the "domino" effect of which the RUS warned in its August 14, 2013 letter to the FCC.

In closing, for the past two years, we have expressed our concerns to the FCC about what makes Alaska different. In particular, we have provided the FCC countless amounts of information about the unique challenges that serving Adak presents, even beyond the normal challenges found elsewhere in Alaska. As Alaska's elected representatives, we have a firsthand understanding of these differences and challenges. We have tried relentlessly to share this information to better inform the important decisions the FCC makes. Unfortunately and especially in the case of Adak, we do not believe that the FCC understands, firsthand, the challenges on Adak.

As such, before making a final ruling on AEE, WCC, and the customers they serve, we challenge the FCC to send a representative to Adak Island to experience, firsthand, the unique conditions under which AEE and WCC must operate. We also would ask the FCC to take the time to explain to the local community on Adak how the bankruptcy of AEE and WCC will help improve broadband and phone service on this remote and isolated island. We feel that our constituents on Adak deserve at least that much.

We look forward to helping you arrange your trip in the very near future. Please note that, as there are only two flights per week into and out of Adak (and these flights are often delayed due to harsh weather conditions), one should plan to spend more than a single day on the island. We await your prompt response.

Sincerely,


Don Young
Member of Congress


Lisa Murkowski
United States Senator

Mark Begich
United States Senator

REDACTED - FOR PUBLIC INSPECTION

**EXHIBIT 2 – Unconsolidated Balance Sheets; Income
and Cash Flow Statements**

Response to Question 3

REDACTED