



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

DA 14-1171

August 12, 2014

Transmitted via E-mail

Larry Mayes
President/CEO
Adak Eagle Enterprises, LLC
Windy City Cellular, LLC
1410 Rudakof Circle
Anchorage, Alaska 99508
Email: lmayes@adaktu.net

Re: Windy City Cellular, LLC Petition for Waiver of Section 54.302 of the Commission's Rules, WC Docket No. 10-90 and WT Docket No. 10-208 and Adak Eagle Enterprises, LLC Petition for Waiver of Section 54.302 of the Commission's Rules, WC Docket No. 10-90 and WT Docket No. 10-208

Dear Mr. Mayes:

The Wireline Competition Bureau (Bureau) now requests additional information to assist in our analysis of the Petition for Reconsideration¹ and Application for Review² filed by Adak Eagle Enterprises, LLC (AEE) and Windy City Cellular, LLC (WCC) of the Wireline Competition Bureau's and Wireless Telecommunications Bureau's denial of the WCC's and AEE's requests that the Commission waive its caps on universal service funding,³ the Bureau has reviewed the information provided by WCC and AEE in their petitions.

Both WCC's and AEE's initial filings provided certain financial information at a highly aggregated level. In the questions below, we seek detailed information regarding, among other matters, corporate staffing, lease agreements, corporate operations expenses, and contracts for AEE's wireline operations, referred to herein as Adak Telephone Utility (ATU).

Please provide full and complete responses to the following questions:

- 1) Please update Exhibit 3 "AEE and WCC Cash Balances" of AEE's October 23, 2013 filing with the most recent data available. Also, please provide the same information for ATU with the most recent

¹ Adak Eagle Enterprises, LLC & Windy City Cellular, LLC, Petition for Reconsideration, WC Docket No. 10-90 and WT Docket No. 10-208 (filed Aug. 14, 2013) (Petition for Reconsideration).

² Adak Eagle Enterprises, LLC & Windy City Cellular, LLC, Application for Review, WC Docket No. 10-90 and WT Docket No. 10-208 (filed Aug. 14, 2013) (Application for Review).

³ *Connect America Fund; Universal Service Reform – Mobility Fund; Petitions for Waiver of Windy City Cellular, LLC, and Adak Eagle Enterprise, LLC*, WC Docket No. 10-90, WT Docket No. 10-208, Order, 28 FCC Rcd 10194, 10211-12 (Wireless Tel. Bur./Wireline Comp. Bur. 2012) (*AEE/WCC Denial Order*).

data available. Please provide this information in either Microsoft Excel format (.xls or .xlsx), or Comma Separated Values format (.csv).

- 2) Please update Exhibit 5 “AEE and WCC Cash Flow” of AEE’s October 23, 2013 filing with the most recent data available. Also, please add the same information for ATU with the most recent data available. Please provide this information in either Microsoft Excel format (.xls or .xlsx), or Comma Separated Values format (.csv).
- 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).
- 4) What is AEE’s planned timeline for:
 - Selling the Anchorage administrative building?
 - Selling the boat?
- 5) Is AEE exploring any additional cost reduction measures? If so, please describe them, their implementation timeline, and their anticipated annual cost savings.
- 6) Please provide updated forecasts used in the “Sustainable” scenario of the “Adak Telephone Utility – Scenario” submitted as Attachment 6 to AEE’s April 12, 2013 Ex Parte. Two sets of updated forecasts should be provided. In our meeting on July 24, 2014, you indicated that if Windy City Cellular (WCC) were to cease operations, that would necessitate a reallocation of costs currently assigned to WCC pursuant to your Cost Allocation Manual. The first updated forecast should assume that AEE’s subsidiary, WCC, continues operations. The second updated forecast should assume that WCC ceases operations as of December 31, 2014. Differences in ATU’s revenues and operating expenses as a result of WCC’s cessation of operations should be highlighted in the two updated scenarios. Please provide these two scenarios in Microsoft Excel format (.xls or .xlsx).
- 7) What were AEE’s total legal and consulting expenses for 2013 for the ATU and Windy City Cellular (WCC) Petitions for Waiver, and AEE’s Petition for Reconsideration and Application for Review? In addition, please provide the total for these same expenses from January 1, 2014 through July 31, 2014. Please provide a separate figure for ATU and for WCC. Please provide this information in Microsoft Excel format (.xls or .xlsx).
- 8) Please provide the following sub-categories of ATU’s total revenues for 2013:
 - End User Revenues – Residential
 - End User Revenues – Business/Commercial
 - Intercarrier Compensation – WCC/WCB
 - Intercarrier Compensation – Non-Affiliated Carriers
 - Access Revenues – WCC/WCB
 - Access Revenues – Non-Affiliated Carriers
 - Alaska State High Cost Support Revenue

Please provide this information in either Microsoft Excel format (.xls or .xlsx), or Comma Separated Values format (.csv).

- 9) Please provide ATU's total annual 2013 revenues from the following ATU affiliates:
- Windy City Cellular
 - Windy City Broadband
 - Adak Cablevision
- Please provide an annual dollar amount for each of the three entities above.
- 10) Please provide the total current accounts receivable to ATU as of December 31, 2013 from the following ATU affiliates:
- Windy City Cellular
 - Windy City Broadband
 - Adak Cablevision
- Please provide an annual dollar amount for each of the three entities above.
- 11) Please provide the total accounts payable from ATU as of December 31, 2013 to the following ATU affiliates:
- Windy City Cellular
 - Windy City Broadband
 - Adak Cablevision
- Please provide only an annual dollar amount for each of the three entities above.
- 12) Please list any additional sources of revenues that ATU received in 2013, or is expected to receive through 2017, in addition to the End User, Access, State High Cost Support, Federal High Cost Support and Affiliates revenues listed above. Please provide the average annual dollar amount for 2013 and the projected average dollar amount for 2014 through 2017 of any additional source of revenue listed.
- 13) Please quantify, on the basis of both per-loop support and total support:
- The specific levels of federal High Cost Loop Support (HCLS) and Interstate Common Line Support (ICLS) that ATU is seeking for each year 2014 through 2017.
 - ATU's 2014-2017 forecasts of the HCLS and ICLS that it will receive subject to the \$250 per loop cap.
 - ATU's 2014-2017 forecasts of the additional HCLS and ICLS that it seeks that is above the \$250 per loop cap.
 - ATU's 2014-2017 forecasts of the CAF-ICC support that it will receive.
 - ATU's 2014-2017 forecast of high-cost support from the state of Alaska
- Please provide this information in either Microsoft Excel format (.xls or .xlsx), or Comma Separated Values format (.csv).
- 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.
- 15) For each ATU employee position listed above, please provide the total employment expense for 2013 (actual) and 2014 (projected). The employment expense should include, but not be limited to, wages or salary, vacation time payout, anticipated bonuses, AEE's contribution to any pension plan, AEE's contribution to any 401K or similar retirement plan, AEE's contribution to any health insurance or health benefits plans, AEE's contribution to any life insurance plans, and AEE's contribution to any other benefit for which each position is eligible. Please provide this information in either Microsoft Excel format (.xls or .xlsx), or Comma Separated Values format (.csv).

- 16) For each ATU employee position listed above, please provide any deferred compensation agreements between AEE and the employee.
- 17) Please describe the purpose of ATU's \$12,534.08 monthly payment and WCC's \$811.20 monthly payment to the Aleut Corporation, LLC. If these are lease payments, please provide copies of the current lease or leases under which these payments are made. If these are not lease payments, but instead are payments for other goods and services, please provide copies of the contracts, if any, under which these monthly payments are being made.

If AEE requires that any information or documents responsive to this letter be treated in a confidential manner, it may file the information in accordance with the Bureau's *Protective Order* in this proceeding.⁴

We appreciate your willingness to work with the Bureau. Our review of the Petition and Application will be delayed until we receive this information. Therefore, we request that AEE respond within 30 days.

If you have any questions please call Joe Sorresso at (202) 418-7431.

Sincerely,

Carol E. Matthey
Acting Chief, Wireline Competition Bureau
Federal Communications Commission

cc: Monica Desai (mdesai@pattonboggs.com)
Andilea Weaver (aweaver@adaktu.net)

⁴ *Connect America Fund et al.*, WC Docket No. 10-90 et al., Protective Order, 25 FCC Rcd 13160 (Wireline Comp. Bur. 2010).