



December 9, 2016

***Ex Parte* Letter**

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

RE: WC Docket No. 10-90, Connect America Fund

Dear Ms. Dortch:

On Wednesday, December 7, 2016, John Badal, CEO of Sacred Wind Communications, Inc. together with the undersigned from NTCA–The Rural Broadband Association separately met with Nicholas Degani from Commissioner Pai’s office, Robin Colwell from Commissioner O’Rielly’s office and Travis Litman from Commissioner Rosenworcel’s office.

During the meetings Mr. Badal discussed the unique challenges his company faces in serving areas of the Navajo Nation scattered throughout rural New Mexico. He stressed his company’s reliance on high cost universal service fund (USF) support to serve a remote area with many low-income, multigenerational households. He estimated that, even in the wake of recent reforms intended to address such concerns, standalone broadband in his service territory would cost over \$300 per subscriber, per month – unaffordable to his subscribers even with low-income discounts.

Mr. Badal also talked about his company’s desire to expand to unserved adjacent territory, explaining that limitations in the current rules and the underfunding of, and the uncertainty surrounding, USF support has stymied that effort. Mr. Badal stressed the need to fully fund all of the USF programs to ensure that the statutory goals of universal service can be realized and that all consumers in his state, including those situated in and near the tribal areas his company serves, have access to reasonably priced voice and broadband services comparable to what is found in more urban areas of the country.

In particular, NTCA emphasized the importance of providing sufficient USF support for *both* the model *and* non-model USF mechanisms, and the negative effects on consumer rates and broadband access that will arise out of the absence of such support in defiance of the expectations of reform. *See, e.g. Ex Parte* Letter from Michael R. Romano, Senior Vice President, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed Nov. 21, 2016).

Attached is the presentation Mr. Badal handed out at each of the meetings.

Thank you for your attention to this correspondence. Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS.

Sincerely,
/s/ Jill Canfield
Jill Canfield
Vice President, Legal and Industry
Assistant General Counsel

cc: Nicholas Degani
Robin Colwell
Travis Litman



FEDERAL COMMUNICATIONS COMMISSION
DECEMBER 7, 2016



Sacred Wind Communications

Founded in December 2006

Acquired Territory from Qwest Communications

Currently 3600 access lines (46% growth)

- 81 % Tribal Lifeline

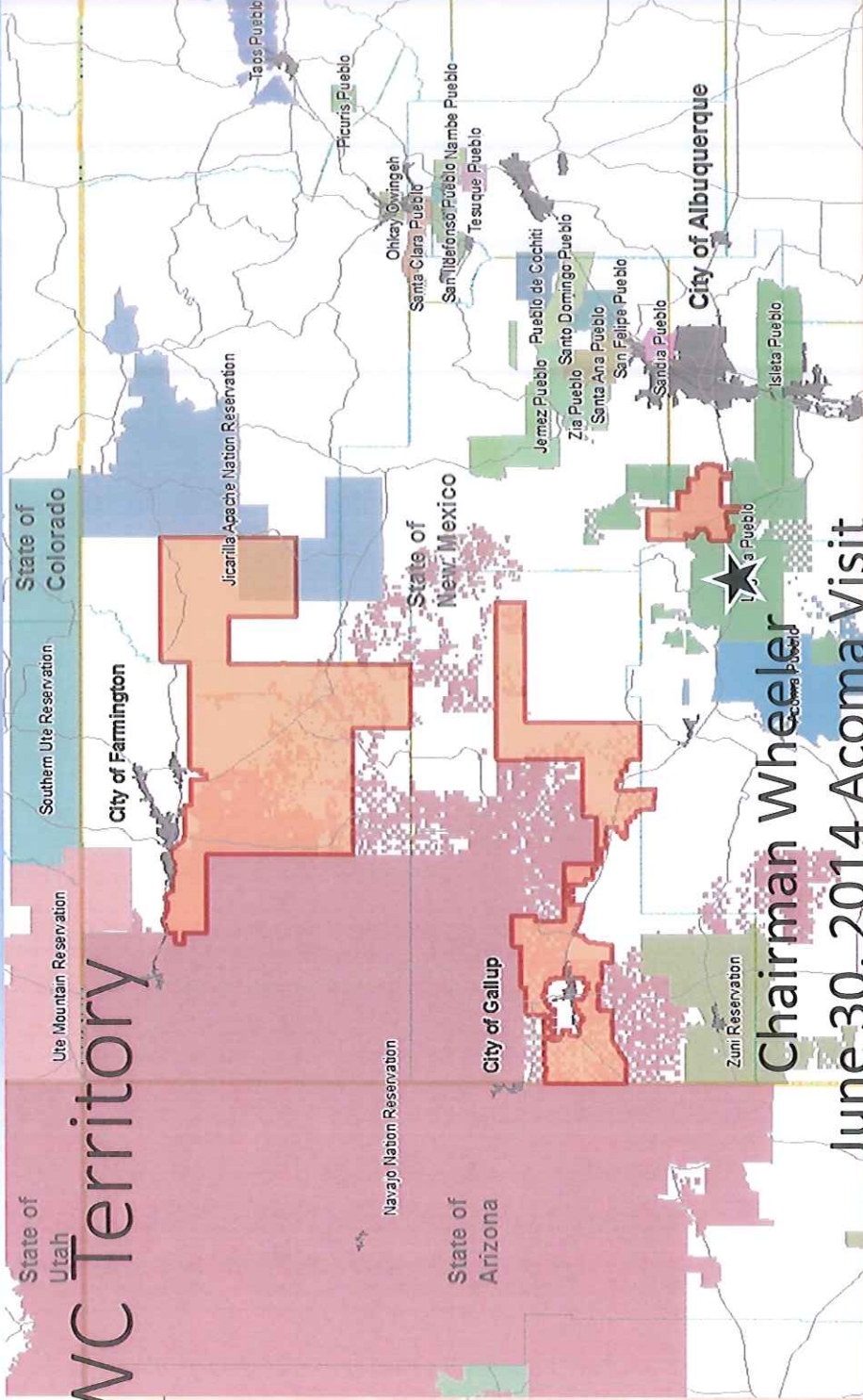
Serving in the Navajo Nation Checkerboard Area

- Complex Rights-of-Way Issues

Utilizing Fixed Wireless to Reach Remote Customers



SWC Territory



Chairman Wheeler
June 30, 2014 Acoma Visit



Challenges

Acquisition from Qwest, 2006

- Less than 30% homes w/ access to telephone service
- No broadband capacity
- Last mile, aged Copper facilities
- Poor reputation with the Navajo People and Government

Customer disadvantages

- Low density
- Low income
- High diabetes, heart disease, domestic violence, teen suicide rates
- Absence of 911 service

Changes with FCC Funding rules beginning in 2011





Achievements

2400 New Installs

81% Tribal Lifeline subscriptions

Highest broadband speeds on Navajo Lands

Constructed 2 Central Offices, 28 Towers, 49 Digital Cabinets, 100 miles of new Copper, 70 miles of Optical Fiber

Designated "The Most Inspiring Small Business in America, 2009"





Achievements - Broadband

- ❖ Broadband take rate – 44.9%
- ❖ Lifeline w/ Broadband – 45.7%
- (Tribal Lifeline customers favor lower speeds than non-Tribal Lifeline – 2 & 4 Mbps versus 6 & 10 Mbps.





Changed the Formula for Success

TIER 1 CARRIER'S FORMULA

- Landline only
- Bigger markets elsewhere
- Limited investment plans
(low ROI)
- High cost support lacking

SACRED WIND'S FORMULA

- Technology Agnostic
- Local company w/ local zeal
- Low interest loans availability
- Qualify for FCC USF program



High Cost Area/ High Cost Support Need

- 2 Households per square mile
- Minimum 2-3 truck rolls to install 1 customer
 - Acquire rural addressing for each
 - Acquire homesite lease
 - Verify Line of Sight (LOS)
- Federal/tribal ROW processes & costs
 - Duplication of ROW processes
 - Costs of Easements
- Service & marketing performed “culturally” – Tribal Engagement champion
- Construction very costly





Why Broadband-only for elders won't work .. even if they could afford it.

ACCEPTANCE



SENIOR CENTERS A KEY



ELDERS NEED A LIFELINE





State of
Utah

State of
Colorado

City of Farmington

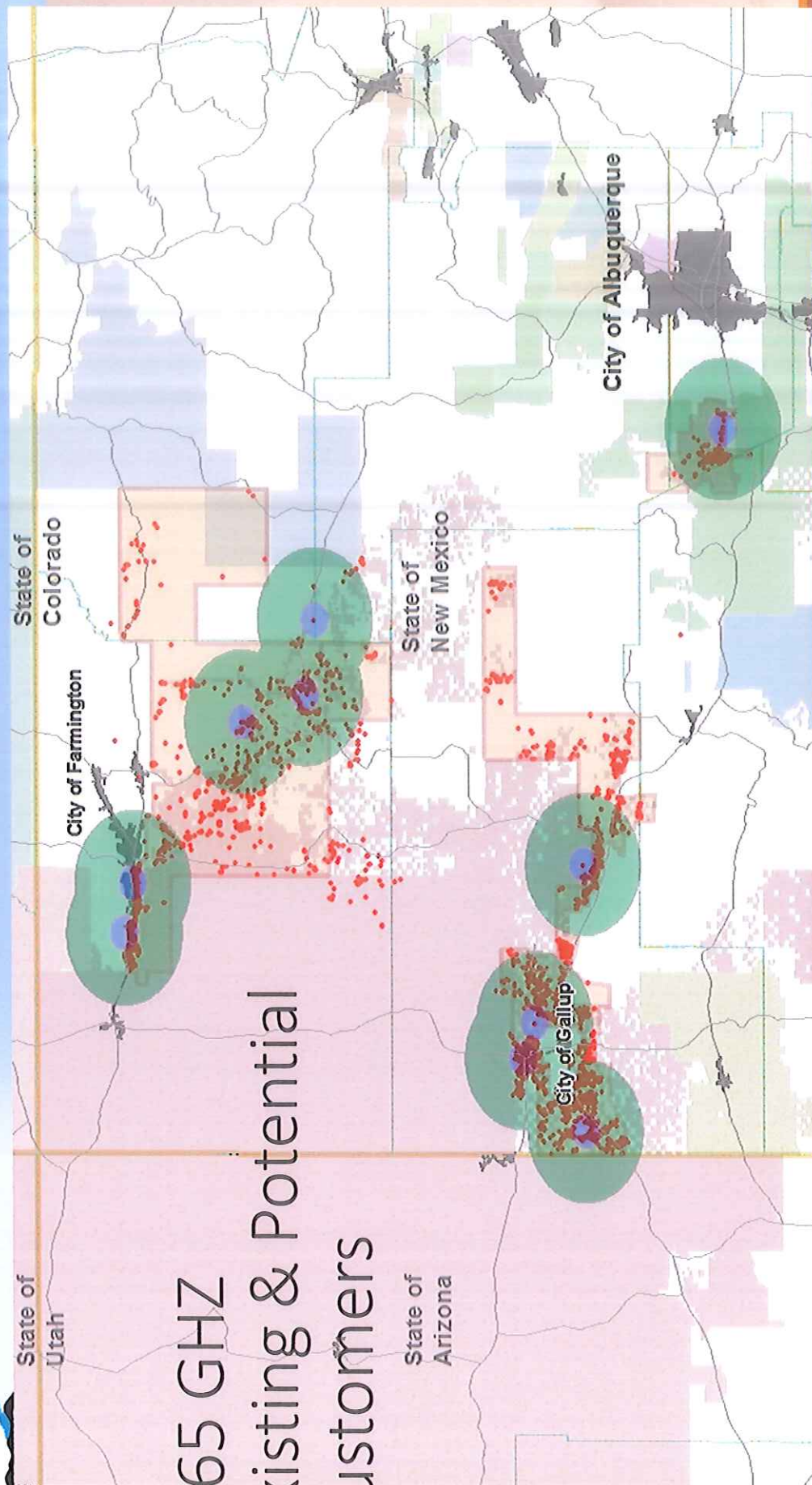
3.65 GHz Existing & Potential Customers

State of
Arizona

State of
New Mexico

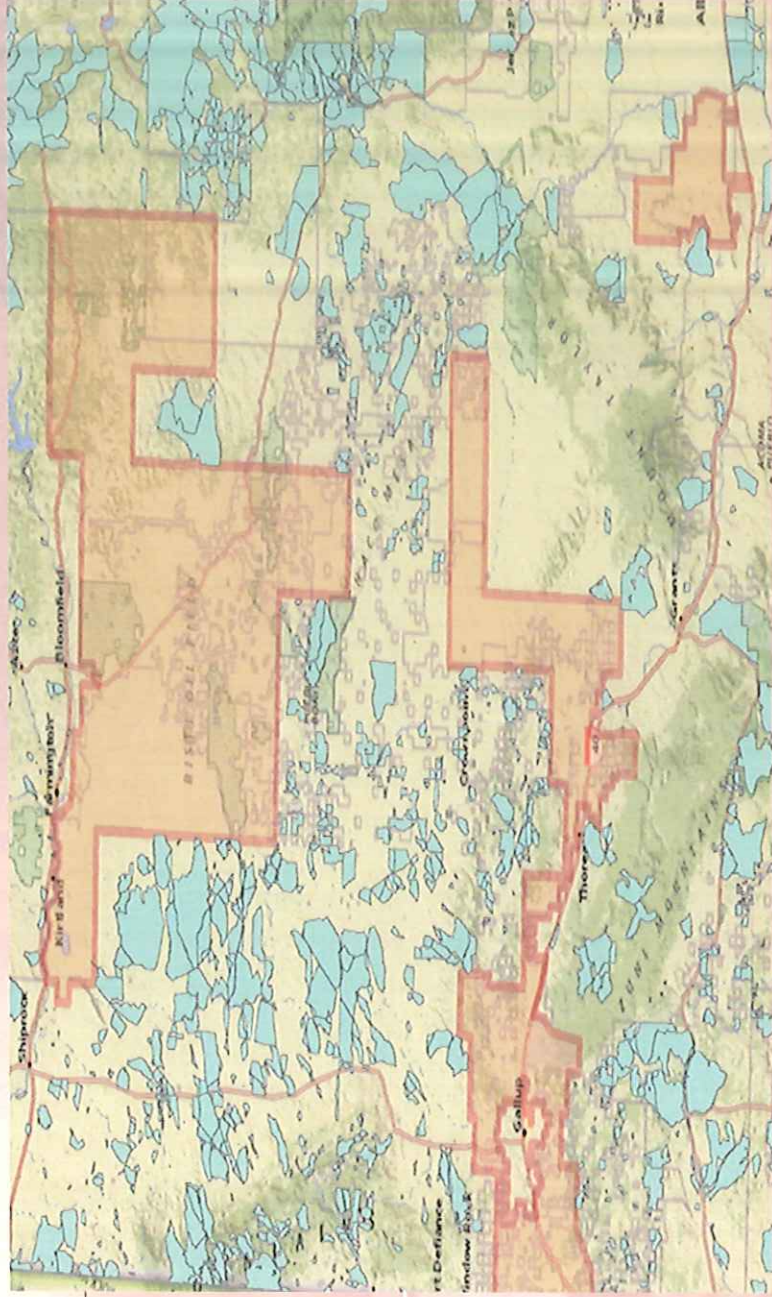
City of Gallup

City of Albuquerque





CAF II Census Blocks Adjacent to SWC





FCC Must Rebuild the Rural Model

- Change the W, F & A messages to Frugality, Accountability, and Transparency using current 477 and other reporting mechanisms.
- Encourage the expansion of rural service in underserved areas
 - o Unfreeze Study Areas
 - o Expand the CAF auctions to include a longer term support structure
- Restore predictability for rural carriers' continued investment
- Re-establish support for Voice-only where demanded and promote E-911 only tariffs

- Bottom line: Incentivize rural carriers, who are the true feet-on-the-street providers, to upgrade and expand services where others have failed to do so.