

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
The Uniendo a Puerto Rico Fund and the)	WC Docket No. 18-143
Connect USVI Fund)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
ETC Annual Reports and Certification)	WC Docket No. 14-58

COMMENTS OF AT&T

Cathy Carpino
Gary L. Phillips
David L. Lawson

AT&T Services, Inc.
1120 20th Street, N.W.
Suite 1000
Washington, D.C. 20036
(202) 457-3046 - telephone
(202) 457-3073 - facsimile

July 26, 2018

Its Attorneys

Table of Contents

I. INTRODUCTION AND BACKGROUND.....	1
II. DISCUSSION	3
A. The Commission Should Adopt Its Proposed Stage 2 Mobile Fund with Some Modifications.	3
1. AT&T Agrees the Proposed Budget Is Adequate for Restoration and Hardening Efforts..	4
2. The Commission Should Allocate Funding between Territories Based on Population.	5
3. The Commission Should Disburse All Stage 2 Funding Based on Carriers' FCC Form 477 Filings.	6
4. Stage 2 Recipients' Obligations Should Be Limited to Service Restoration and Network Hardening Efforts and Should Not Include Broadband Obligations or Expanded Coverage Requirements.	7
5. The Commission Should Adopt Reasonable Reporting Requirements Reflective of the Short-Term Nature of Stage 2 and the Purpose of This Funding.....	10
6. The Commission Should Conform Stage 3 of the Mobile Fund to Its Established Universal Service Principles and Seek Comment on Its Details in a Further Notice.....	11
B. The Commission Should Model Its Stage 2 Fixed Fund on Its Proposed Stage 2 Mobile Fund.	12
1. The Commission Should Adhere to Its Universal Service Principles by Targeting Fixed Fund Stage 3 Support to Unserved Areas.....	13
2. The Commission Must Update the CAM before Relying on It to Identify Locations and Costs.	15
3. The Commission Should Adopt a Competitive Proposal Process for These Territories in Stage 3.	16
C. It is Unnecessary to Require Stage 2 Recipients to Comply with Disaster Response Requirements Specific to These Two Territories.....	17
D. The Commission's Uniendo a Puerto Rico and Connect USVI Funds Have Adequately Addressed Pending Petitions for Additional USF Support in These Territories.	20
III. CONCLUSION.....	21

I. INTRODUCTION AND BACKGROUND

AT&T Services, Inc., on behalf of its operating affiliates (collectively, AT&T), is pleased to support the Commission's proposal to create dedicated high-cost funds that address the unique needs of storm-ravaged Puerto Rico and the U.S. Virgin Islands.¹ AT&T also is appreciative of the additional funding the Commission is directing to these territories. Prior to Hurricanes Irma and Maria, AT&T was supportive of having high-cost recipients in these territories comply with the same Connect America Fund (CAF) and Mobility Fund (MF) rules as recipients on the mainland. However, last year's devastating storms changed all of that. No one could have anticipated the near-complete destruction of the islands' communications networks. Since then, carriers operating on these islands have made significant strides to rebuild but more work remains and, as the Commission appropriately concluded in its *Order and NPRM*, funding and funding obligations should be tailored to address these territories' now unique circumstances.

Hurricane Maria was an exceptionally powerful and devastating storm, and carriers' recovery efforts on the islands faced enormous challenges. In response, AT&T and other carriers deployed hundreds of COWs, COLTs, and portable generators, and the most extensive generator refueling program in AT&T's history. In some cases, AT&T had to remove fallen vegetation to bring refueling trucks into remote cell sites with limited road access. Maintaining hundreds of generators running for many months required frequent oil changes and ongoing refueling. This operation required an extensive effort to get fuel to the islands, through damaged ports and staging yards, and out to often remote locations with limited road access. The effort to restore

¹ *The Uniendo a Puerto Rico Fund and the Connect USVI Fund, Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 18-143, 10-90, 14-58, Order and Notice of Proposed Rulemaking, FCC 18-57 (rel. May 29, 2018) (*Order and NPRM*).

and maintain communications services on the islands was unprecedented due to the massive damage to electric and communications infrastructure, and the inability to quickly repair infrastructure.

Following the storm, AT&T and other carriers encountered numerous logistical difficulties. AT&T's transportation and use of network recovery assets in Puerto Rico were delayed at many stages of the process, although AT&T was ultimately able to transport satellite COLTs on Federal Emergency Management Agency (FEMA) barges as quickly as possible. AT&T undertook unprecedented cargo airlifts of trucks, tools, equipment, and personnel to complement the sea lift and on-island resources. In the days following the storms, recovery efforts were hampered by extended closure of the airport and reduced operation of the sea port, stranding resources at the entry points. Carriers also faced difficulties with transportation and delivery of assets once on the island, and the protection of these assets once placed at company locations. Transporting equipment and accessing sites to make repairs were complicated due to flooding, subsequent road washouts, and downed trees.

Despite these challenges, significant progress to restore service has been made, even as the electrical grid remains weakened. Of course, it makes little sense for a carrier operating in these territories simply to rebuild the same facilities it had pre-hurricanes. As we discuss below, the majority of AT&T's fiber was riding on the electrical utility poles, most of which came down during Hurricane Maria. So that our new fiber network will withstand future hurricanes, AT&T is burying much of its fiber. These backhaul restoration and hardening efforts are time consuming and costly and we would expect our wired and wireless competitors to be experiencing the same challenges. AT&T is appreciative of the Stage 1 funds the Commission will soon award to carriers to accelerate service restoration and hardening efforts on the islands.

However, we respectfully submit that further funding tailored just to these activities is necessary. For that reason, we recommend that the Commission limit the focus of Stage 2 support to restoration efforts that include improving and hardening network assets and not complicate that effort by imposing broadband buildout obligations on these recipients.

A three-year service term is appropriate for this Stage 2 effort for both the Mobile Fund *and* the Fixed Fund. The next phase of funding (Stage 3) for both the Mobile and Fixed Funds should focus on the longer-term effort of extending service to any remaining unserved areas and ensuring that consumers in such areas receive support meeting MF Phase II (MF-II) standards for the Mobile Fund and CAF Phase II (CAF II) standards for the Fixed Fund. Also, Stage 3 should adhere to the Commission's universal service principles of awarding targeted support through a competitive process to a single provider per geographic area. We discuss these proposals in detail below. Finally, we explain how it is unnecessary and, possibly, counterproductive for the Commission to condition Stage 2 support on recipients' mandatory compliance with certain disaster response measures, and how the Commission's *Order and NPRM* effectively render moot several pending petitions requesting additional emergency funding targeted to the islands.

II. DISCUSSION

A. The Commission Should Adopt Its Proposed Stage 2 Mobile Fund with Some Modifications.

For its Stage 2 Mobile Fund, the Commission proposes awarding facilities-based mobile providers three years of funding totaling \$259 million, split between the two territories based on the Commission's "80/20" Stage 1 allocation for new funds and legacy support disbursements

for existing support recipients.² Like Stage 1, the Commission proposes disbursing new funding based on these carriers' June 2017 FCC Form 477 data but requests comments on whether it should disburse all funding in this manner.³ Under the Commission's proposal, a Stage 2 Mobile Fund recipient would be required to commit to "a full restoration of its pre-hurricane coverage area, at a level of service that meets or exceeds the minimum standard required of recipients of MF-II support."⁴ Among other things, MF-II recipients will be required to offer 4G LTE service at speeds of at least 10 Mbps download and 1 Mbps upload ("10/1"), with a data latency not to exceed 100 milliseconds round trip.⁵ In addition to proposing MF-II service obligations on Stage 2 Mobile Fund recipients in areas the carriers served pre-hurricanes, the Commission also requests comment on whether it should require recipients to expand service beyond their pre-hurricane coverage areas.⁶

1. AT&T Agrees the Proposed Budget Is Adequate for Restoration and Hardening Efforts.

AT&T agrees that the proposed Stage 2 Mobile Fund budget of \$86.3 million/year is appropriately sized for a three-year program focused on restoration and hardening of facilities, but it is inadequate for *expanding* mobile service in these territories. As we discuss below, AT&T recommends that the Commission use a longer term, competitively-awarded Stage 3

² *NPRM* at ¶¶ 80, 82 (proposing to award 80 percent of the funding to wireless, facilities-based providers in Puerto Rico and 20 percent to wireless providers in the U.S. Virgin Islands).

³ *Id.* at ¶ 84.

⁴ *Id.* at ¶ 85.

⁵ *Id.* at n.106.

⁶ *Id.* at ¶ 86.

Mobile Fund to award funding among wireless carriers to expand service, as well as to meet specific service obligations. The approximately \$25.7 million in new Stage 1 funding that the Commission will soon award to facilities-based wireless providers will accelerate their restoration efforts. However, that funding alone is inadequate for wireless carriers to complete that work *plus* their network-hardening efforts.

2. The Commission Should Allocate Funding between Territories Based on Population.

Rather than allocating *new* Stage 2 funding (i.e., \$21 million) using the “80/20” Puerto Rico/U.S. Virgin Islands Stage 1 allocation and continuing to direct legacy frozen support to where it goes today as proposed in the *NPRM*,⁷ AT&T suggests the Commission use the latest Census Bureau data to allocate *all* Stage 2 support (\$259 million) based on the relative populations in these territories. Under the Commission’s proposal, wireless providers operating in the U.S. Virgin Islands would be eligible to receive just 1.7 percent of Stage 2 Mobile Fund support, which is an unreasonably low amount based on the relative size of the two jurisdictions.⁸ As the *NPRM* notes, this result is driven by the fact that wireless carriers in the U.S. Virgin Islands receive almost no funding today.⁹ Perpetuating historic funding allocations based on outdated legacy support mechanisms fails to account for the rebuilding and network hardening measures that are necessary post-hurricane. Instead, AT&T believes the Commission should determine support amounts between the two jurisdictions using Census Bureau

⁷ *Id.* at ¶ 82.

⁸ Based on Census Bureau data, AT&T estimates that the U.S. Virgin Islands’ population is about 3 percent of Puerto Rico’s population.

⁹ *NPRM* at ¶ 83.

population figures as an objective allocator. Moreover, it is reasonable for the Commission to conclude that support for wireless carriers' restoration and network hardening efforts should align with the locations of the people the funding is designed to benefit.

3. The Commission Should Disburse All Stage 2 Funding Based on Carriers' FCC Form 477 Filings.

Once the Commission establishes the funding allocation between the two territories, AT&T agrees with the Commission's proposal to distribute each territory's Stage 2 Mobile Fund support based on eligible facilities-based wireless carriers' FCC Form 477 filings. This proposal, which the Commission first adopted for Stage 1 disbursements, appropriately severs the Commission's high-cost funding to wireless carriers from the Commission's long-discredited identical support legacy funding mechanism. As the Commission acknowledged when it established its Stage 1 disbursement methodology, the so-called "frozen" high-cost support amounts "were by and large established at least seven years ago and do not necessarily reflect the costs of providing or restoring service or the extent of today's networks."¹⁰ To most effectively break the identical support link thereby "avoid[ing] any inefficiencies in the historic allocation of support,"¹¹ AT&T recommends that the Commission distribute *all* Mobile Fund support based on wireless carriers' FCC Form 477 filings. This is likely to cause some carriers' funding to increase and other carriers' support to decrease. To avoid any flash cuts in funding to those carriers whose support will decrease, AT&T supports the Commission's proposed phase-down, which will ensure that existing recipients receive at least two-thirds of their frozen support in

¹⁰ *Order* at ¶ 22.

¹¹ *NPRM* at ¶ 84.

2019 and at least one third in 2020.¹² Such a phase-down is consistent with Commission precedent and satisfies the Commission’s statutory obligation to have its universal service support mechanisms provide “predictable” support.¹³ A phase-down between Stage 2 and Stage 3, on the other hand, is unnecessary because Stage 2 recipients are on notice that they are only assured of three years of support.

4. Stage 2 Recipients’ Obligations Should Be Limited to Service Restoration and Network Hardening Efforts and Should Not Include Broadband Obligations or Expanded Coverage Requirements.

By design, Stage 2 will provide funds for a limited period of time to existing facilities-based wireless carriers to accelerate “efforts to rebuild fixed and mobile voice and broadband networks in the territories and harden them against future natural disasters.”¹⁴ With a three-year Mobile Fund support term, the Commission’s focus should rest on wireless carriers restoring and hardening their wireless network assets. Among other things, this means that Stage 2 recipients should be required to spend their support on the same activities the Commission identified for Stage 1 recipients. These activities include “replacing, rebuilding, and reinforcing the physical outside plant (poles, fiber, nodes, coaxial cables, and the like); hardening networks against future

¹² *Id.*

¹³ See, e.g., *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, ¶ 513 (2011); *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, 29 FCC Rcd 7051, ¶ 50 (2014); *Connect America Fund, Universal Service Reform – Mobility Fund*, WC Docket No. 10-90, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 32 FCC Rcd 2152, ¶¶ 68-79 (2017) (*MF-II Order*) ; 47 U.S.C. § 254(b)(5).

¹⁴ *Order* at ¶ 5.

disasters; and increasing network resiliency to power outages or other potential service interruptions due to natural disasters.”¹⁵

Any discussion about wireless carriers’ restoration and hardening efforts on the islands is incomplete without mentioning the near total destruction of Puerto Rico’s electric grid and the effect it had on wireless carriers. The electric grid was outdated and extremely susceptible to hurricane damage as the majority of it was composed of above-ground electric utility poles that were brought down by the sustained high winds or fallen trees. AT&T’s communications infrastructure was severely affected by the storm because the majority of its fiber was riding on the electrical utility poles. In many areas, the fiber backhaul was simply gone or totally destroyed after Hurricane Maria. Recognizing that its new fiber network must be built to withstand future hurricanes, AT&T’s backhaul restoration efforts include maximizing the population served by buried infrastructure, hardening above-surface infrastructure where possible, diversifying key fiber routes, and expanding backup microwave backhaul capabilities. This is just some of the work AT&T hopes to continue accomplishing with Stage 2 support.

To facilitate that work, AT&T recommends that the Commission take steps to ensure that a Stage 2 recipient is able to use its federal funding to bury backhaul and engage in other network hardening measures in a timely and efficient manner. For example, the Commission should encourage both Puerto Rico and the U.S. Virgin Islands to approve one-time territory-wide permits to Stage 2 recipients making it possible to bury fiber without undue delay or expense. It is vital that the Commission’s Stage 2 restoration and network-hardening funds are used in an efficient manner and for their intended purpose.

¹⁵ *Id.* at ¶ 20.

To mitigate the effects of an unreliable electric grid, AT&T has invested heavily – and will have to continue investing heavily – in permanent and portable generators. Carriers across the island have had to use backup generators much more intensively than originally planned. For many months and at many sites, these backup generators have been used on a 24/7 basis. Such intensive use still takes place at times when the electric grid fails in different parts of the island. As a result, carriers’ restoration and hardening plans must assume fast depreciation of backup generators and account for accelerated replacement schedules. Placing permanent generators at every site where permissible, and portable generators where site conditions do not allow permanent generators, is one of AT&T’s network resiliency goals. To ensure that Commission-funded restored and hardened wireless networks will function after the next natural disaster, AT&T recommends that the Commission make clear that purchasing and installing generators (permanent and portable) is an eligible Stage 2 expenditure.

The Commission tentatively concludes that a Stage 2 recipient, receiving just three years of funding, must provide voice and broadband service meeting or exceeding MF-II service obligations in its pre-hurricane coverage area.¹⁶ AT&T disagrees with this proposal and urges the Commission to require Stage 2 recipients to deploy 4G LTE in their pre-hurricane coverage areas, but without any speed or latency obligation. As an initial matter, we note that the Commission has not finalized all of its MF-II obligations and procedures so it is not yet known, for example, how the “median speed” of 10/1 will be defined or measured.¹⁷ It is thus premature

¹⁶ *NPRM* at ¶ 85.

¹⁷ *See MF-II Order* at ¶ 87 (“The median data speed of the network for the supported area must be 10 Mbps download speed or greater and 1 Mbps upload speed or greater, with at least 90 percent of the required download speed measurements being not less than a *certain threshold speed*. . . These conditions will be defined more precisely in the pre-auction process.”) (Emphasis added).

for the Commission to mandate Stage 2 recipients adhere to MF-II standards. More importantly, the MF-II service term is for ten years. Ten years is an appropriate amount of time for MF-II recipients to build out a network robust enough to satisfy a specific Commission 4G LTE-related public interest obligation, as validated by performance measurement testing. AT&T does not believe that a Stage 2 wireless carrier, which should be focused on using its funding for burying backhaul and other hardening measures, should be subjected to performance testing to validate that its subscribers can receive broadband at speeds of at least 10/1 with a data latency that does not exceed 100 milliseconds.¹⁸ Instead, requiring Stage 2 wireless carriers to use their funding to restore and harden their networks *and* deploy 4G LTE in their pre-hurricane coverage areas are reasonable and effective obligations for a three-year funding term. The Commission's priority with this funding should be ensuring that wireless service is once again universally available to all residents of these territories.

5. The Commission Should Adopt Reasonable Reporting Requirements Reflective of the Short-Term Nature of Stage 2 and the Purpose of This Funding.

The Commission seeks comment on what reporting requirements it should adopt for Stage 2 recipients.¹⁹ Among other things, the Commission proposes requiring Stage 2 carriers to submit coverage maps twice a year based on MF-II buildout parameters.²⁰ AT&T agrees a Stage 2 recipient should be required to submit an annual FCC Form 481, like other high-cost recipients. Also, AT&T has no objection to submitting an annual coverage map, showing the

¹⁸*NPRM* at n.106. *See also id.* at ¶ 88 (seeking comment on the Commission or USAC using independent testing to determine speed in these areas).

¹⁹ *Id.* at ¶¶ 87-88.

²⁰ *Id.* at ¶ 87.

changes from the prior year. As the Commission knows, competitive ETCs designated by the Commission were required until 2017 to submit such information each year as part of their annual high-cost reports. Again, however, AT&T does not support requiring these coverage maps to be based on MF-II service obligations (e.g., showing where broadband at speeds of at least 10/1 is available) since the Commission should not impose MF-II service requirements on Stage 2 recipients. Additionally, AT&T does not object to the Commission requiring Stage 2 recipients to identify on a map where they have undertaken hardening activities in the prior calendar year. Filing this information on an annual basis is consistent with the Commission's filing requirements for other high-cost recipients and the Commission does not explain why twice a year coverage map filings are necessary. For these reasons, AT&T recommends that the Commission adhere to its existing, annual filing schedule and not impose more frequent filing obligations on Stage 2 recipients.

6. The Commission Should Conform Stage 3 of the Mobile Fund to Its Established Universal Service Principles and Seek Comment on Its Details in a Further Notice.

The Commission should award longer-term Stage 3 Mobile Fund support based on the principles it followed in CAF II and MF-II. This means, the Commission should target Stage 3 funding to areas that remain unserved by 4G LTE after Stage 2 and such funding should be awarded through a competitive process to a single wireless carrier in a given geographic area. To identify areas unserved by 4G LTE, the Commission could use the same one-time data collection process used for MF-II, with the same parameters, coupled with a challenge process. The service obligation would be to provide 4G LTE service meeting Commission-defined specifications (e.g., the MF-II specifications) throughout the unserved census blocks within a geographic area, which could be at the municipio level. Rather than establishing Stage 3 rules as

part of this proceeding, AT&T recommends that the Commission issue a further notice of proposed rulemaking on Stage 3 a year or so into the Stage 2 funding term. By then, the Commission and wireless carriers will have MF-II Auction experience and will have a better idea of what requirements are most appropriate for long-term funding for these territories.

B. The Commission Should Model Its Stage 2 Fixed Fund on Its Proposed Stage 2 Mobile Fund.

The Commission proposes a ten-year Stage 2 Fixed Fund that is designed to accomplish multiple purposes and goals. As proposed by the Commission, Stage 2 Fixed Fund recipients are to restore service, harden their networks, and offer broadband at speeds of at least 10/1, and perhaps higher, to every location in a geographic area (e.g., a municipio). While AT&T recognizes the Commission's desire to solve both short- and long-term issues with a single program, AT&T respectfully submits that these multiple goals are in tension with one another. Combining multiple objectives into a single, competitively awarded process will undermine the Commission's goal of encouraging carriers to restore and harden their facilities, and could create competitive distortions in the bidding process.

It is far better in our view to keep funding for restoration and network hardening separate from funding for expanding broadband deployment. After a few years of additional funding for necessary hurricane recovery efforts, the Commission could launch its Stage 3 Fixed Fund with a clean slate and clear service obligations. Like the Mobile Fund, the Commission should use a short-term Stage 2 to award funding to fixed providers to continue restoring and hardening their network assets. Just as we recommend above for the Mobile Fund, we suggest that the Commission allocate Stage 2 funding between the territories based on population and disburse

all Stage 2 Fixed Funds based on existing facilities-based fixed providers' FCC Form 477 filings, with a phase down, if necessary.

Adopting a short-term Stage 2 Fixed Fund will support the primary need of facilities-based carriers in these territories, which is restoration and network hardening, and enable the Commission to focus the appropriate time and attention to developing a competitive Stage 3 program for both Mobility and Fixed programs. While the Commission put forth a number of ideas for a competitive process for the Stage 2 Fixed Fund, there is no cohesive proposal and it is difficult to imagine an efficient and fair competitive process being developed in the timeframe envisioned.²¹ Instead, AT&T strongly encourages the Commission to take more time to consider the specific needs and characteristics of Puerto Rico and the U.S. Virgin Islands before moving forward with a Stage 3 long-term broadband expansion program that is consistent with its universal service principles. Rather than adopting a long-term Fixed Fund as part of this proceeding, AT&T recommends that the Commission issue a further notice seeking additional input on Stage 3. We provide comments below on several issues identified in the Commission's proposed Stage 2 Fixed Fund on which the Commission could seek further comment.

1. The Commission Should Adhere to Its Universal Service Principles by Targeting Fixed Fund Stage 3 Support to Unserved Areas.

The Commission proposes treating the entirety of both territories as "eligible areas" because of the "widespread destruction of critical infrastructure."²² This proposal makes sense for a Stage 2 *restoration* effort but not for a *broadband expansion* effort. As proposed in the

²¹ *Id.* at ¶ 41 (proposing to begin disbursing Stage 2 Fixed Fund support in January 2019).

²² *Id.* at ¶ 45.

NPRM, Stage 2 Fixed Fund recipients must offer broadband service meeting the Commission's public interest obligations (e.g., 10/1 or higher) to every single location in the recipient's geographic area. There are a number of problems with such a proposal. First, such a proposal will result in Fixed Fund recipients overbuilding other carriers, which is contrary to the Commission's universal service principles and a poor use of scarce universal service support funds. Second, the proposed funding amounts may not be sufficient for fixed providers to cover every location on the islands with broadband. Third, such a proposal will incent carriers to bid for the most urban geographic areas because they will be the least costly to serve, leaving the unserved areas unclaimed. For these reasons, AT&T strongly recommends that the Commission reject this proposal.

Instead, the Commission should follow its CAF II principles and design its Stage 3 Fixed Fund to target support to areas unserved by a provider of broadband offering speeds of at least 10/1. The Commission should use the latest available data to identify such areas by census block. Regardless of the geographic unit that the Commission ultimately selects for the Stage 3 competitive process, we urge the Commission to limit the winning bidder's service obligations to the eligible census blocks within that geographic area (e.g., municipio) and *not* require the bidder to offer broadband to every location in that area.²³ Otherwise, the Commission will be requiring the winning bidder to overbuild other providers.

²³ *Id.* at ¶ 49 (proposing to require winning bidders to serve all locations in the geographic area, not just funded locations).

2. The Commission Must Update the CAM before Relying on It to Identify Locations and Costs.

We also urge the Commission to update its Connect America Cost Model (CAM) before using it to identify the number of locations and the appropriate costs or reserve in each geographic area.²⁴ In the CAF II Auction proceeding, AT&T and others detailed the problems with the Commission relying on the CAM to provide accurate location counts.²⁵ Acknowledging the CAM's limitations, the Commission decided on reconsideration to give winning CAF II Auction bidders a year in which to identify CAM location discrepancies without being penalized for failing to serve locations that simply do not exist.²⁶

If the Commission is unable to update its CAM prior to Stage 3, it should seek comment on other options, including using the latest Census Bureau-reported numbers of housing units in the eligible census blocks. Under such a framework, the Commission would announce the number of housing units per eligible census block in each geographic area prior to the competitive Stage 3 Fixed Fund process in order to give bidders the information they need to develop a business case. A winning bidder's obligation would be to offer voice and broadband service to all of the housing units it can locate in the eligible census blocks in its geographic area. In other words, the winning applicant would *not* be required to offer broadband service to a Commission-specified number of housing units (and be penalized when it is unable to find the Commission-identified number of housing units, some percentage of which are certain not to

²⁴ *Id.*

²⁵ See, e.g., AT&T Reply Comments, WC Docket No. 10-90, AU Docket No. 17-182, at 13-15 (filed Oct. 18, 2017); Vantage Point Solutions Comments, WC Docket No. 10-90, AU Docket No. 17-182 (filed Sept. 18, 2017).

²⁶ *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Order on Reconsideration, 33 FCC Rcd 1380, ¶¶ 23-25 (2018).

exist). The Commission could require a company officer to certify under penalty of perjury that his/her company is offering voice and broadband service to all the locations it is able to locate in the eligible census blocks. This flexible approach may be warranted given the amount of destruction to property caused by last year's hurricanes to both territories and, as a result, how out of date and inaccurate any housing unit estimate will be.

3. The Commission Should Adopt a Competitive Proposal Process for These Territories in Stage 3.

In lieu of an auction, the Commission proposes awarding long-term Fixed Fund support through a competitive proposal process.²⁷ We agree that an auction makes little sense for either the Mobile or Fixed Fund Stage 3 given the small geography, the limited numbers of eligible providers, and the amount of lead time and extensive resources the Commission requires to set up an auction.

The Commission proposes a complicated, three-step process to establish reserve prices per geographic area using the CAM.²⁸ In addition to the location deficiencies with the CAM, which we note above, it is AT&T's experience that the CAM is out of date and must be updated before it is used again. If the Commission is unable to update its CAM prior to Stage 3, AT&T suggests the Commission seek further comment on alternatives to using the CAM to set the reserve prices for eligible census blocks in defined geographic areas. For example, the Commission could seek comment on using the latest Census Bureau housing unit information to create a per housing unit support amount for the eligible census blocks in a geographic area (e.g.,

²⁷ *NPRM* at ¶ 40.

²⁸ *Id.* at ¶ 52.

a municipio) based on the available budget. The per housing unit support amount would not vary among census blocks to account for terrain or other factors. Such a methodology may result in the greatest number of housing units in eligible census blocks being covered by winning proposals. Another option is for the Commission to factor in density per square mile in its per housing unit support amounts. Such an approach may make it more likely applicants will include geographic areas containing these likely highest cost census blocks in their proposals though it also may mean that fewer housing units will be covered by these winning proposals.

C. It is Unnecessary to Require Stage 2 Recipients to Comply with Disaster Response Requirements Specific to These Two Territories.

The Commission seeks comment on whether it should condition Stage 2 funding on recipients complying with Stage 2-specific network resiliency and other disaster response measures. Among other things, such possible requirements include compliance with TIA-222-H, which applies to antenna supporting structures, mandatory participation in the Commission's Disaster Information Reporting System (DIRS), and mandatory construction and access coordination between carriers and government agencies to minimize certain construction-related activities.²⁹ AT&T believes it is a mistake to impose Stage 2-specific disaster response rules on Mobile and Fixed Fund recipients for several reasons. Hurricane Maria was the most intense hurricane to hit Puerto Rico and the U.S. Virgin Islands in nearly a century, lashing the islands with 155 mph winds and causing more than \$100 billion in damage. The recovery efforts following Hurricane Maria, a once in a lifetime weather event, should not serve as a baseline for future policy recommendations and USF funding conditions. Last year's hurricanes created complex network challenges, which varied from storm to storm and from carrier to carrier.

²⁹ *Id.* at ¶¶ 91-94.

Consequently, there are no one-size-fits-all disaster response requirements that are appropriate for all Stage 2 recipients (or for all Mobile Fund recipients or all Fixed Fund recipients for that matter).

AT&T and other parties filed comments last week at the Commission on its Wireless Resiliency Cooperative Framework (Framework).³⁰ As explained by CTIA, the Framework “commits wireless provider signatories to actionable steps that keep consumers connected when emergencies occur by encouraging collaborative wireless network continuity and restoration efforts.”³¹ The Framework contains five prongs to enhance coordination: (1) providing for reasonable roaming among wireless providers under disaster arrangements when technically feasible; (2) fostering mutual aid, such as the sharing of physical assets, among wireless providers; (3) enhancing municipal preparedness and restoration; (4) increasing consumer readiness and preparation; and (5) improving public awareness and stakeholder communications on service availability and restoration status through Commission publishing data on cell site outages through DIRS.³²

In AT&T’s comments, we explained how the Framework’s flexible structure successfully enabled wireless carriers to tailor their disaster response efforts to the individualized needs of the different communities and how wireless carriers working within the Framework engaged in

³⁰ *Public Safety and Homeland Security Bureau Seeks Comment on the Effectiveness of the Wireless Network Resiliency Cooperative Framework and for the Study on Public Access to 911 Services During Emergencies*, PS Docket No. 11-60, Public Notice, DA 18-614 (rel. June 13, 2018). Reply Comments are due July 31, 2018.

³¹ CTIA Comments, PS Docket No. 11-60 (filed July 16, 2018).

³² *Id.* at 5.

timely and useful information sharing on service and network availability.³³ A strength of the Framework lies in its ability to foster innovation by giving wireless carriers the freedom to collaborate and innovate in restoring services and connecting consumers during times of need. For example, wireless carriers worked together in Puerto Rico to use drones and balloons (i.e., “Project Loon”) to provide wireless service and enabled open roaming to all wireless carriers on the island. A rigid approach to disaster response, as contemplated in the *NPRM*, may have prevented or delayed carriers from incorporating cutting edge technologies like these into relief efforts.³⁴

Similarly, compelling Stage 2 recipients to participate in DIRS³⁵ is a solution in search of a problem. AT&T voluntarily participates in DIRS today and we have no reason to believe that the other carriers operating in the territories do not. While the Commission might view that as a sleeves-off-the-vest reason to mandate participation, it should refrain from doing so. Like the Framework described above, DIRS has operated successfully for over a decade, due in large part to its flexibility. AT&T questions the utility of withholding support from a carrier recovering from a disaster if, for example, it fails to submit a daily report as directed by the Commission. If the Commission mandates DIRS participation, such withholding would seem to be the consequence to a Stage 2 recipient for failing to comply with a Commission directive to submit daily reports. AT&T also urges the Commission not to condition Stage 2 support on the recipient complying with specific industry standards (e.g., TIA-222-H), particularly when no

³³ AT&T Comments, PS Docket No. 11-60 (filed July 16, 2018).

³⁴ *Id.* at 5.

³⁵ *NPRM* at ¶ 92.

jurisdiction has adopted the standard and, in the case of a Mobile Fund recipient, the wireless carrier may not own the tower. Finally, the Commission should be cognizant that there is a cost associated with implementing any new standard or requirement and the amount of funding that the Commission is making available through Stage 2 likely does not factor in such costs. For the foregoing reasons, AT&T recommends that the Commission not condition Stage 2 support on recipients complying any the proposed disaster response measures.

D. The Commission’s Uniendo a Puerto Rico and Connect USVI Funds Have Adequately Addressed Pending Petitions for Additional USF Support in These Territories.

The Commission seeks comment on whether it should adopt several pending petitions requesting additional high-cost support for carriers operating in Puerto Rico and the U.S. Virgin Islands in lieu of its proposed Stage 2 Uniendo a Puerto Rico Fund and Connect USVI Fund.³⁶ These petitions were filed prior to the Commission’s *Order and NPRM* adopting the two funds and it is AT&T’s view that all three petitions are now moot and should be dismissed. Other than requesting additional support, which the Commission provides through its new Uniendo a Puerto Rico and Connect USVI Funds, Puerto Rico Telephone Company asks that the Commission disburse new funds based on the percentage of consumer service disruption credits.³⁷ The Commission should reject this proposal as a basis for disbursing Stage 2 funds because, as the Commission notes, such a methodology could provide carriers with a perverse incentive to slow-roll recovery efforts and punish carriers that quickly restore their facilities.³⁸ Instead, the

³⁶ *Id.* at ¶¶ 97-98.

³⁷ *Id.* at ¶ 97.

³⁸ *Id.*

Commission should base Stage 2 disbursements on facilities-based carriers' FCC Form 477 filings, as we discuss above.

III. CONCLUSION

AT&T respectfully requests that the Commission take action in accordance with the recommendations outlined above to ensure that Stage 2 of its new Uniendo a Puerto Rico Fund and the Connect USVI Fund successfully addresses the needs of facilities-based carriers that are still restoring and hardening their networks post-Hurricane Maria. Focusing Stage 2 support on restoration activities for both the Mobile Fund and the Fixed Fund will enable the Commission to move promptly to adopt long-term Stage 3 rules focused on expanding voice and broadband service to unserved areas of the islands, consistent with the Commission's CAF II and MF-II programs.

Respectfully Submitted,

/s/ Cathy Carpino
Cathy Carpino
Gary L. Phillips
David L. Lawson

AT&T Services, Inc.
1120 20th Street NW
Suite 1000
Washington, D.C. 20036
(202) 457-3046 – phone
(202) 457-3073 – facsimile

July 26, 2018

Its Attorneys