

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

**In the Matter of
Rural Digital Opportunity Fund
Connect America Fund**

) **WC Docket No. 19-126**
) **WC Docket No. 10-90**
)

COMMENTS OF PACIFIC DATAPORT, INC.

Chuck Schumann
Executive Vice President, Director

Tom Brady
Chief Technical Officer, Director

Bruce Kraselsky
Director

Pacific Dataport, Inc.
4701 Business Park Blvd. Unit #J-24
Anchorage, AK 99503

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To: The Commission

COMMENTS OF PACIFIC DATAPORT, INC.

Pacific Dataport, Inc. (“PDI”) submit these comments regarding the Notice of Proposed Rulemaking (“NPRM”) in the above-captioned proceeding, which seeks input on the Commission’s goals and proposed framework for the Rural Digital Opportunity Fund (“RDOF”). PDI fully supports the Commission’s goals as set forth in the NPRM, but takes issue with a number of its proposals for the RDOF framework.

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1. Executive Summary

PDI is an Alaska-based company established in 2017 to solve a problem in Alaska – the lack of affordable broadband service in rural and remote areas of the State not adequately served by terrestrial networks. To this end, PDI is in the process of financing and implementing a GEO Ka-band High Throughput Satellite (“HTS”) System, with more than 70 Gbps of capacity focused on Alaska. The first satellite is scheduled for launch in Q4 2020, and the second satellite is expected to be launched in 2022.

Once deployed, PDI’s “Aurora HTS System” will have full coverage of Alaska, and will be able to provide affordable broadband service whenever needed, anywhere in the State, with service offerings meeting and exceeding the FCC’s current baseline tier standard for broadband performance: 25/3 Mbps (speed), 150 Gbps (monthly usage allowance) and price of less than 99.00 USD per month.

PDI intends to use its Aurora HTS System to complement the capabilities of terrestrial network operators in Alaska, offering orders of magnitude more capacity for carriers’ middle-mile requirements at a fraction of the cost they currently pay for limited capacity on traditional widebeam satellites, also referred to as “performance limiting satellites.” In stark contrast, PDI’s Aurora HTS System will be anything but performance limiting, with broadband speeds and monthly data usage allowances (if capped at all) that in some cases, may be far greater than the capabilities of terrestrial network counterparts. PDI will also provide wholesale capacity to third party resellers for direct customer sales in areas beyond the reach of terrestrial networks.

PDI is elated to know that “closing the digital divide and bringing robust, affordable high-speed broadband to all Americans is the Commission’s top priority.” Also, PDI fully supports the goals set by the Commission in its NPRM to guide the framework of its proposed Rural Digital Opportunity Fund (“RDOF”). However, PDI believes that some aspects of the framework proposed by the Commission run counter to these goals, and unless modified, at least in the case of Alaska and other areas of the United States with similar population, geographic and climatic characteristics, will have major negative impacts on the success of the program. In particular:

a) Alaska Should Not Be Excluded from Participation in RDOF

The Commission states in the NPRM that Alaska will be excluded from participating in the RDOF, because it is served by price cap carriers that elected to receive frozen support in lieu of CAF Phase II model-based support. PDI urges the Commission to reconsider this exclusion, because none of the existing rural broadband funding programs in Alaska include middle-mile. Without the middle-mile component, the digital divide in Alaska will continue to expand, regardless of the amount spent on other aspects of terrestrial network buildout. PDI encourages the Commission to make middle-mile a distinct component of the RDOF, and include Alaska as a means to ensure the success of the other programs already in place in the State.

b) Eligible Service Providers Should Not Be Limited to ETCs

The Commission proposes to limit eligibility for RDOF support to Eligible Telecommunications Carriers (“ETC”) designated pursuant to Section 214(e) of the Communications Act of 1934, as amended (“the Act”). It also proposes to require the ETC’s to offer stand-alone voice service, despite the fact that this has little to do with the Commission’s broadband goals and objectives. In areas like rural Alaska, such onerous (and arguably unnecessary) requirements, will likely dissuade highly capable service providers, such as HTS System operators, who could make significant near-term contributions to bridging the digital divide, from competing for RDOF awards.

c) Deployment Obligations Are Not Technology Neutral

Although the Commission states in the NPRM that it proposes to adopt technology-neutral standards, it proposes to include the same latency and stand-alone voice requirements of past auctions. PDI strongly believes that these requirements, without significant modification, are fundamentally adverse to the Commission’s rural broadband goals, at least with respect to the challenges faced in Alaska.

Widely accepted industry studies indicate that less than 10% of all broadband applications are latency sensitive. However, in PDI’s view, the Commission continues to give a disproportionate

amount of weight to the negative impact of “high latency” (defined by the Commission as ≤ 750 milliseconds and $MOS \geq 4$), while ignoring other factors, such as network buildout cost per PoP, speed of network deployment, availability of middle-mile infrastructure, etc., that in PDI’s view have a much greater impact on the value proposition. The Commission’s heavy negative weighting on high latency effectively blocks the ability to include GEO HTS Systems in the mix as a high-capacity, low-cost complement to terrestrial networks. This is indeed unfortunate, as a strong case can be made that GEO HTS is the one tried and true technology that can rapidly and cost-effectively bridge the gaps in geographic areas where terrestrial network buildout is either physically impractical or uneconomical, such as areas of Alaska where the population is too sparse, the terrain too difficult or climate too harsh.

While the Commission has in past proceedings made exception for the speed, latency and data usage standards, allowing the use of “performance-limiting satellites” where the carriers had no other option for delivering middle-mile service, the Commission has yet to recognize the value of the performance-enhanced, new generation of GEO High Throughput Satellites, which aside from the latency issue, have the capability to provide broadband speeds and data usage that rivals terrestrial network offerings, at highly competitive pricing. Rather than having to reduce internet speeds and data usage allowances as was the case with traditional widebeam satellites, the Aurora HTS System and its new generation HTS counterparts can provide middle-mile capacity to carriers that will allow them to meet and exceed the Commission’s baseline broadband performance tier.

Thus, if the Commission’s performance standards are not modified to recognize HTS technology as an essential complement to terrestrial networks in rural Alaska and other vast, remote areas of the US, particularly with respect to the provision of capacity for high-speed and high data usage middle-mile service, the result will be, as the Commission has stated in a similar context, to “punish” American people who live in such areas and who need affordable broadband now, but will be forced to wait years, if not decades, if ever, for terrestrial network buildout to reach them. These points and others are discussed in more detail below.

2. Background

a) PDI's Interest in this Proceeding

Pacific Dataport, Inc., (“PDI”) is an Alaska-based company established in 2017 to solve a problem in Alaska – the lack of affordable broadband service in rural and remote areas of the State not adequately served by terrestrial networks. PDI’s approach is to finance, implement, own and operate a GEO Ka-band High Throughput Satellite (“HTS”) System, with full coverage of the State and surrounding areas. PDI’s “Aurora HTS System” will consist of two high throughput satellites, in optimal orbit locations, with more than 70 Gbps of capacity focused on Alaska. The first satellite, Aurora 4A, is scheduled for launch in Q4 2020, and the second satellite, Aurora IV, is expected to be launched in the first half of 2022.

Once deployed, the Aurora HTS System will have coverage of all of Alaska, and will be able to provide affordable high-speed Internet service whenever needed, anywhere in the State, however remote. The Aurora HTS System will be capable of meeting, and far exceeding, the FCC’s current broadband baseline performance requirements of 25/3 Mbps (speed), 150 Gbps (monthly usage allowance) and price of less than \$99.00 USD per month.

PDI’s Aurora HTS System is intended to complement terrestrial networks, providing them with orders of magnitude more capacity for their middle-mile requirements than has previously been available from traditional widebeam satellite service providers, at a fraction of the cost. PDI will also provide wholesale capacity to third party resellers for direct customer sales in areas beyond the reach of terrestrial networks.

b) Status and Challenges of Broadband Buildout in Rural Alaska

There is significant disparity across Alaska in terms of broadband access. While Anchorage, Fairbanks, and some other Alaskan urban areas have reasonable broadband services (though still expensive by lower 48 State standards), most of the geography of Alaska has no access to broadband, or has broadband that is deemed inadequate by the Commission’s standards. This is

most pronounced in rural and remote areas where adverse topographical and weather conditions make terrestrial network buildout not economically viable.

Despite heavy federal subsidies to Alaska's carriers to extend their terrestrial networks in rural areas of the State, tens of thousands of Alaskans will remain unserved or underserved 10 years from now unless the Commission alters its current approach, and decides to add HTS technology to the broadband mix. Documentation from the Alaska Telecommunications Association regarding carrier buildout commitments from current programs shows that by 2027, almost 50,000 Alaskans will still be without broadband service that meets the Commission's current broadband standards (i.e., at least 25/3 Mbps download/upload speed and at least 150 Gbps monthly data usage allowance). By then, the standards for the rest of the nation will have far exceeded this.

The cost of Internet service in rural Alaska is exceptionally high for residential, enterprise, schools, healthcare and other sectors. This is generally driven by lack of "middle-mile" infrastructure that prevents Local Exchange Carriers from being able to affordably deliver high speed connectivity and large capacity at reasonable rates. The high cost to the end-user is a function of the high cost to roll out typical terrestrial middle-mile solutions, such as fiber or microwave. The territory is simply too vast, the population density too sparse, and the climate conditions too harsh, to make those solutions affordable.

c) PDI's Approach to Affordable Broadband Throughout Alaska

In PDI's view, a GEO HTS System with ubiquitous coverage by spot beams optimized for population and data density requirements is the only cost-effective way to quickly and completely cover all of Alaska with affordable broadband service. GEO HTS technology can be a great equalizer for Alaska, complementing terrestrial network providers by providing affordable middle-mile capacity to Local Exchange Carriers, as well as providing an instant and affordable solution in rural and remote areas where terrestrial network buildout is too difficult or not economically viable.

While some NGSO satellite capacity is expected to be provided to Alaska, potentially beginning as early as 2021, NGSO systems have significant challenges to overcome with respect to available capacity, technical performance and cost before they can be considered practical and / or affordable for middle-mile or direct-to -customers. In contrast, GEO HTS systems like the Aurora HTS System are based on proven technology, with dependable performance and low-price points that make them attractive solutions for the consumer market segment.

3. PDI Fully Supports the Commission’s Goals for the Rural Digital Opportunity Fund, But Not all of Its Proposed Framework, at Least for Alaska

The Commission states in the NPRM that “closing the digital divide and bringing robust, affordable high-speed broadband to all Americans is [its] top priority,” and sets forth the following goals to guide the framework of its Rural Digital Opportunity Fund (“RDOF”):

- a) Making high-speed broadband available to all Americans quickly and affordably;
- b) Reducing waste and inefficiency; incentive-based mechanisms to award support;
- c) Requiring accountability to ensure the Fund delivers the intended results; and
- d) Minimizing the contribution burden.

PDI fully supports these goals. However, at least with respect to rural Alaska, the proposed framework for RDOF is not in alignment with these goals.

a) Making Affordable High-Speed Broadband Available to All Americans

PDI believes the Commission has established the proper goals for the RDOF. The RDOF offers the means to attack the central problem to broadband in Alaska, which is middle-mile. However, the Commission proposes to exclude Alaska from this Fund. If this turns out to be the case, the Commission will have advanced the rest of the United States to a minimum broadband performance tier of 25/3 Mbps, while leaving Alaska aiming for a speed of 10/1 Mbps, at a price that PDI and others in Alaska do not think is achievable. While the Commission considers the rural

broadband plans in Alaska as settled policy, it has yet to determine the price point middle-mile would have to reach to allow carriers to reach their Internet price and performance goals.

For this reason, PDI believes the Commission should make middle-mile distinctly separate from last mile when trying to bring broadband to rural America. If Alaska is not included in the RDOF, there does not seem to be another path to bring rural Alaska affordable broadband quickly; only a path to deploy Internet with a speed of 10/1 Mbps sometime in the next seven years, seemingly at a price two to three times the price-point the Commission established for consumers. During this same seven-year period, the Universal Service Fund will have spent more than 2 billion USD subsidizing wireline, wireless, E-rate, and healthcare telecommunications. Failure to include middle-mile in Alaska, as well as all other States and territories with similar problems, would make the Commission's goal of serving "all Americans quickly, and at an affordable price" ring hollow.

b) Reducing Waste and Inefficiency and Promoting Incentive-Based Mechanisms

A major area of concern is the failure of the Commission to decide a key issue in broadband: is broadband provided by satellite really broadband in the Commission's eyes? The Commission seems at best ambivalent and, at worst, opposed to broadband provided by GEO satellites. Two major satellite providers have already decided there is a business case to deploy high-capacity, HTS broadband systems, over the United States (except for most of Alaska), without any mention of Federal subsidies. Yet, the Commission persists in providing large subsidies to terrestrial network providers to over-build these networks. That is neither efficient nor cost-effective.

Under the guise of being technology neutral, the Commission allows satellite providers to bid in reverse auctions but handicaps them by declaring that high latency is so bad it deserves a 40-point penalty. Further, in Alaska, the Commission's rules serve to actively discourage satellite as a means of supplying middle-mile or last mile services. They include as a basic requirement for all carriers to provide services with a latency less than 100ms, unless they only have access to satellite-based middle-mile, in which case they need only meet a minimum speed of 1 Mbps downstream and 256 kbps upstream, something the consumer satellite industry exceeded many years ago. Today, GEO HTS satellites such as the Aurora HTS System are capable of providing Internet

speeds of over 100 Mbps / 20 Mbps, at prices competitive with most terrestrial alternatives. Under these conditions, there is no defensible reason for the Commission to permit anything less than its baseline performance tier of 25/3 Mbps (speed) and 150 Gbps (monthly usage allowance).

In the first CAF II auction, the Commission developed a competitive process, something not done in its rural broadband plans for Alaska. However, if applied to Alaska, it would create a situation where a GEO HTS System could provide more middle-mile at a lower unit cost than current terrestrial systems available throughout most of rural Alaska. This is the same situation that resulted in the Commission awarding Viasat 120 million USD for service to rural Pennsylvania, where it proposed to serve rural locations for 1/10 the cost of that proposed by a terrestrial provider.

c) Requiring Accountability

The Commission requires accountability for carriers receiving funds from rural broadband programs, but it has provided no means of feedback to consumers in unserved rural areas who are awaiting broadband availability, about where they stand in the queue. The Commission requires carriers to file reports on deployment of broadband, and, in the case of Alaska, deployment of middle-mile through the USAC HUBB Portal. PDI knows of no public access to this portal for consumers, and, even if there were, consumers are likely to find a lot of data but no information regarding the state of broadband buildout that can be reasonably interpreted. The Commission should require data to be provided by support recipients in a way that can be reasonably interpreted by the general public, to determine on a quantitative and qualitative basis whether the Commission's objectives are being met, and how the funds are being spent. Reporting by support recipients on rollout commitments should be made public, and redactions should be minimized so the information can be audited by the public / taxpayers. PDI believes the Commission should also enlist the help of the consumers who are intended to be served, to evaluate the performance of the fund recipients in the context of their performance obligations.

d) Minimizing the Contribution Burden

The Commission states in the “Term of Support” Section of the NPRM that it believes a 10-year period is required to “stimulate greater interest in the auction.” As discussed in the Comments below regarding the proposed Term of Support for the RDOF, PDI believes the Commission may be trying too hard to ensure that particular technologies are implemented, i.e., terrestrial fiber and microwave, even if they might not be appropriate for a particular use case, and even though they might not be economically sustainable. PDI believes if the Commission needs to offer a minimum 10-year Term of Support just to attract interested bidders, it should seriously consider whether the proposed buildout is sustainable; i.e., whether it can continue to survive after the Term of Support expires without additional subsidy. Building systems that are too expensive to use forces continued subsidization.

4. PDI Supports Reverse Auctions as Long as There is Sufficient Competition

Should the Commission reconsider and allow Alaska to participate in the RDOF, PDI believes the reverse auction approach would only be successful in Alaska where there is sufficient competition in each geographic area to be auctioned. To ensure this result, PDI believes the Commission should relax the requirement that limits eligible providers to Eligible Telecommunications Carriers (“ETCs”), and eliminate the requirement that they be facilities-based providers of “residential terrestrial fixed voice service.” This would increase the likelihood of participation by other types of broadband service providers, such as HTS Systems and service providers, whose networks could help to quickly and efficiently bridge the digital divide, which, as the Commission has stated, is its top objective.

5. The Commission’s Engineering / Financial Model for Rural Broadband Needs Revision

Based on the Commission’s description in the NPRM of its engineering and financial model for rural broadband, adopted in 2013, PDI believes it needs to be reviewed and revised to take into account recent advancements in space and ground-based technologies. This exercise should include consideration of next-gen HTS System capabilities and costs, particularly with respect to remote and hardest to serve areas “where the model-estimated cost to provide [terrestrial voice

and] broadband service is above the extremely high-cost benchmark.” PDI believes the requirement for terrestrial voice should be eliminated, as there are multiple alternatives for achieving that objective, either as a 3rd party VOIP application or via wholly separate alternatives, such as overlapping wireless networks.

The Commission says its intent is “to target investment to areas where there is currently no private sector business case to deploy broadband without assistance, [and that] the Commission will ensure that its limited universal service support is awarded in an efficient and cost-effective manner.” PDI is concerned that the Commission is attempting to define what is and is not a viable “private sector business case”, and in so doing, may be adding requirements such as latency and stand-alone voice that help to create a self-fulfilling prophecy. PDI believes there is merit in the Commission’s attempts to develop financial and engineering models that help it to evaluate the technical and financial differences between competing and complementary technologies, such as fiber, microwave and HTS systems.

PDI believes that the Commission, in the course of revising its modeling tools, should examine across the board technical and financial aspects of implementing, operating and maintaining HTS systems as opposed to terrestrial fiber and microwave, particularly in geographic areas where the climate and terrain is severe, and the population is highly dispersed. PDI also believes the Commission should conduct a complete cost-benefit analysis of the impact of its latency requirements on the economic viability of private sector business cases for the buildout of satellite (GSO and NGSO) and terrestrial networks, targeting the provision of rural broadband services, with and without subsidies. PDI is confident that the result of this analysis will demonstrate the clear value in capability, cost and timing that GEO HTS brings to the Commission’s goals and objectives for closing the digital divide.

PDI strongly disagrees that the Commission should extend its subsidies to unserved areas that do not require high-cost support. The commercial market will / should take care of these.

6. 25/3 Mbps as Threshold Speed for Broadband

PDI agrees with the Commission that 25/3 Mbps service availability should be the threshold for establishing eligible areas for Fund support, and that demand for greater speeds will continue to rise. Further, in cases where satellite is a carrier's only option for middle-mile service, PDI urges the Commission not to exempt such carrier from its broadband speed and data usage requirements as it has in the past with traditional widebeam satellites, when HTS system capacity is available to meet the carrier's requirements for middle-mile service with broadband speeds and usage levels at or above the carrier's Performance Tier, at competitive prices.

7. Term of Support

For the CAF Phase II auction, the Commission states that "some entities may be unwilling to make necessary long-term investments to build robust future-proof networks in areas that are uneconomic to serve absent continued support beyond a five-year term" and suggests that "providing support for a period of ten years may stimulate greater interest" in the auction. The Commission further states that the 10-year term of support was partially responsible for the robust participation that occurred in the CAF Phase II auction, and proposes to adopt the same support term for RDOF.

PDI strongly believes that a big part of the problem here is that the Commission is trying to force a "one-size-fits-all" solution, i.e., terrestrial fiber and microwave network buildout, even though it is wholly inappropriate and economically non-viable in some cases. One way to do that is, as the Commission suggests, to increase the budget and lengthen the term of support. However, there are other technologies such as HTS Systems that, in certain environments, such as rural Alaska, can be rapidly and efficiently used to bridge the digital divide, without nearly as much funding or as long a term of support as proposed here by the Commission. To this end, PDI urges the Commission to modify its requirements and rules (e.g., severity of the penalty for high-latency, suitability of HTS Systems for high-speed middle mile, elimination of the facilities-based, stand-alone residential voice requirement, etc.) to allow new solutions that would enable the achievement of its rural broadband goals for a fraction of the cost, and years if not decades, faster.

8. Deployment Obligations

While the Commission first states that it plans to adopt technology-neutral standards for the RDOF, it then states that it plans to require the same latency and stand-alone voice requirements as during past auctions. PDI strongly believes these requirements, without significant modification, are fundamentally adverse to the Commission's rural broadband goals as they apply to Alaska. More specifically, the penalty imposed by the Commission for high latency has the effect of all but blocking the use of GEO High Throughput Satellite Systems as a critical complement to terrestrial networks in the RDOF initiative. The irony is that in a difficult environment like Alaska, GEO HTS may be the only available technology that can affordably bridge gaps in the digital divide that cannot practically or economically be addressed by a terrestrial fiber and / or microwave network.

While the Commission has long insisted on low latency as a critical requirement for rural broadband support, PDI challenges the Commission to justify this position, when according to independent studies and industry experts, no more than 5% to 10% of all Internet applications are latency sensitive. In PDI's view, the impact of the Commission's decision to place a heavy negative penalty on the use of high latency GEO HTS Systems, is to "punish" the millions of Americans living in rural areas without broadband, by making them wait for years, and perhaps more than a decade, if ever, for terrestrial broadband network buildout. In contrast, within three years from now, and for less than \$200 Million USD, PDI's two-satellite HTS system will be deployed, with full coverage of Alaska, and the ability to provide broadband at speeds of 25/3 Mbps or better, to customers anywhere in the State.

PDI proposes that the Commission adjust its weighting for latency consistent with the actual importance for certain applications. Additionally, PDI believes that the following categories have a far greater impact than high latency on the overall ability to deliver broadband services in a timely and cost-effective manner to rural areas, and should be weighted accordingly:

- Performance (ability to meet Commission's Baseline speed and usage allowance Tier)
- Network cost vs. coverage of addressable user population
- Speed of network deployment (how long does it take to meet all buildout obligations)

- Service milestones (once the network is built, how fast can it ramp with subscribers)
- Latency as it relates to specific applications (are any critical applications affected?)
- Sustainability (ability to remain economically viable after the subsidies expire)

9. Service Milestones

The Commission is proposing a five to six-year terrestrial network buildout period for winning participants in the RDOF, with a Service Milestone that requires coverage of only 40% to 50% of the requisite number of locations by the end of the third year of funding authorization. While this approach may reflect the practical realities of terrestrial network buildout, it doesn't do anything to expedite the availability of broadband service to the 40% to 50% of the locations that won't be covered by the network until years four, five and six; or, in the case of Alaska's existing rural broadband funding programs, the tens of thousands of locations that won't have 25/3 Mbps broadband service even six, seven or eight years from now.

To bridge this gap, consistent with the Commission's goal of closing the digital divide and bringing robust, affordable high-speed broadband to all Americans as quickly as possible, PDI proposes, at a minimum: 1) if HTS satellite providers can deliver affordable middle-mile broadband that helps winning RDOF bidders meet their Service Milestones quicker and at lower cost than they would otherwise be able to do; 2) make it mandatory that the winning bidders purchase capacity from those HTS satellite providers; 3) make the winning bidders accountable in case of inability to timely deliver existing broadband commitments; and 4) let HTS satellite operators participate in the RDOF for the provision of broadband services across some or all census tracts where terrestrial network operators do not plan to build, and locations would not otherwise be covered.

10. Reserve Prices

The Commission seeks comment on prioritizing areas that entirely lack broadband speeds of 10/1 Mbps or better, and proposes setting a reserve price for such areas that is higher than that based strictly on the model. PDI strongly opposes this approach, which appears to be a desperate attempt to force-fit a terrestrial solution whether or not the economics make sense. Instead, as pointed out in several instances in these Comments, PDI strongly believes that if the penalties for high latency

are eliminated, or reduced to levels that, when compared with other weighting factors, reflect its relative impact on the broadband service from the customer's standpoint, the result is likely to be a viable private sector business case for a HTS System solution, and areas that entirely lack broadband speeds of 10/1 Mbps or better will be prime targets.

Respectfully Submitted,

Pacific Dataport, Inc.
4701 Business Park Blvd. Unit #J-24
Anchorage, AK 99503
+1 907-264-0009


Bruce Kraselsky, Director

Chuck Schumann
Executive Vice President

Tom Brady
Chief Technical Officer