Arctic Slope Telephone Association Cooperative, Inc.
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October 16, 2014

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Room TW-A325
Washington, D.C. 20554

RE: **REDACTED – FOR PUBLIC INSPECTION**
Arctic Slope Telephone Association Cooperative, Inc. (ASTAC) Request for Confidential Treatment and Redacted Submission of Appendix A in Comments Pertaining to Petition for Clarification and/or Reconsideration made by NTCA, The Rural Broadband Association, addressing WC Docket No. 13-184

Dear Ms. Dortch:

Arctic Slope Telephone Association Cooperative, Inc. (ASTAC) requests Confidential Treatment of certain information in Appendix A of these reply comments on the Petition for Clarification and/or Reconsideration made by NTCA, The Rural Broadband Association addressing WC Docket No. 13-184 and that the Confidential Information be withheld from public inspection. A confidential version of Appendix A is provided as a separate attachment.

Excerpts from the July 11, 2014 Open Meeting

As the rural incumbent local exchange carrier serving the arctic region of Alaska, we wholeheartedly agree with two fundamental tenets in the Commissioners' statements. We appreciate their acknowledgement of both the strategic importance of broadband in 21st century America and that much work remains to bring equality to <u>all</u> Americans, in particular those Americans residing in low income and rural America. We highlight below excerpts of comments supporting these tenets made by the Commissioners at the July 11, 2014 Open Meeting when the Docket was addressed.

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"Broadband is the greatest equalizer of our time." [1]

"Improving broadband capacity must be a national priority." [2]

"But the challenge is no longer connections, it's capacity. Too many of our schools and libraries that rely on E-rate, often in low income and rural communities, access the Internet at speeds as low as 3 megabits. That's lower than the broadband speed of the average American home, but has two hundred times as many users." [3]

"We can choose a future where all American students have the ability to gain the digital skills they need to compete, no matter who they are, where they live or where they go to school." [4]

"Indeed, the District of Columbia where we sit today gets the second most E-rate funding on a per student basis, about three times the national average, yet not one school or library in our nation's capitol can credibly be called rural. Once again, those inside the Beltway win, while rural Americans are left behind." [5]

"The poorest rural and remote schools and libraries will have the same per student budget as their urban brethren, even though their broadband prices are higher, their tax base is lower, qualified labor is harder for them to find, competition is less prevalent in these areas…Anyone who has been to the Alaska Bush can tell you Wi-Fi routers don't cost the same everywhere in the country. When you have to take a plane to get to the nearest Walmart, you get used to $10 a gallon milk." [6]

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[1] Comment from remarks by Commissioner Clyburn available at http://www.fcc.gov/events/open-commission-meeting-july-2014

[2] Comment from remarks by Commissioner Rosenworcel available at http://www.fcc.gov/events/open-commission-meeting-july-2014

[3] Id.
[4] Id.
[5] Comment from remarks by Commissioner Pai available at http://www.fcc.gov/events/open-commission-meeting-july-2014

[6] Id.

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"Libraries are the community information hubs."[7]

As a small incumbent local exchange carrier serving remote rural Alaska, we could not agree more with these comments and commitments, both to the importance of bringing real broadband to all American students and addressing the inequality that exists today in E-rate funding for low income and rural schools and libraries.

Actions Speak Louder Than Words

As Benjamin Franklin once opined, "Well done is better than well said." Unfortunately, while "well said" continues to accelerate down urban America's information super highway, once again for rural America, "well done" takes the exit ramp. The visionary direction advocated by the Commissioners is usurped by the Wireline Competition Bureau at paragraph 222 of the July 23, 2014 Report and Order in WC Docket No. 13-184, where they redefine what constitutes rural. In a broad brush adoption of the U.S. Census Bureau's "urban cluster" designation and dated 2010 census data, and without any apparent consideration of the diversity in infrastructure, middle mile transport costs, location, economy or economic impact to previously rural communities, the Bureau has eliminated the rural discount for many low income and rural communities. Seemingly, this is entirely contrary to the aspirations of the Commissioners, as previously noted. While this loss of rural discount will affect many small towns across America, the ramifications this will have on Tuzzy Consortium Library in Barrow, Alaska amply illustrates why "one size fits all" regulation, while simplistically attractive, is profoundly unfair and egregiously punishes Alaska Natives for where they have traditionally lived, working together in order to survive and thrive in one of the harshest environments in the world.

Actions Lead to Consequences

Due to the extraordinarily high cost of satellite middle mile transport in Bush Alaska communities, the loss of the rural discount for that connectivity has a multiplier

[7] Comment from remarks by Chairman Wheeler available at http://www.fcc.gov/events/open-commission-meeting-july-2014

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effect on the amount of funding that the school or library has to absorb. Tuzzy Consortium Library in Barrow, Alaska will lose a 10% rural discount[8]; it will need to increase the library's contribution to operations by 49% to make up the difference,[9] if it wishes to retain its Internet connection and/or not drastically cut hours to the public. In all likelihood, Tuzzy will have to do both in order to balance its budget as it does not enjoy the luxury of deficit spending. Stripping intuitively obvious low income and/or remote, rural, high cost satellite middle mile communities of their rural discount is incongruent with the preamble at paragraph 222 of the Order, which proclaims *"In keeping with our commitment to ensuring that rural schools and libraries are able to afford E-rate supported services,…"*

At paragraph 28 of the above Order, the critical importance of libraries in general is discussed as well as their significant importance in minority and low income communities. We fully concur with the following: *"High-speed broadband is also critical in libraries, where it provides patrons with the ability to access the Internet, search for and apply for jobs, engage with governmental entities, learn new skills, and engage in life-long learning. High-speed broadband to and within libraries is especially important in communities where many lack home access to broadband, including minority and low income communities. Libraries in these communities provide broadband access during non-school hours to students who do not have home access to broadband."*

Arbitrarily selecting a new definition based solely on population count predictably results in rural remote and low income communities losing essential support needed to provide both broadband connectivity and for keeping their doors open for the community at large[10]. This is especially important in the geographically isolated communities in remote rural Alaska and raises questions about the intent behind the action taken by the Bureau. Given the acknowledgement of the vital role libraries play in <u>both</u> urban and rural America and the ample public record before the Commission on the extremely high cost of satellite middle mile transport which remote rural Alaska is relegated to, it is inexplicable why the Wireline Competition Bureau would promote action to strip these communities of their rural discount.

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[8] http://www.usac.org/sl/tools/commitments-search/default.aspx?pagesize=10
[9] See Appendix A for costing and http://www.usac.org/_res/documents/sl/pdf/samples/Discount-Matrix.pdf for discount matrix
[10] http://www.thearcticsounder.com/article/1210tuzzy_opens_doors_on_expansion

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Misapplication of a Limited Scope Census Classification Harms Rural America

At paragraph 223 of the Order, the Bureau describes the new metric for determining what is rural versus urban. It says, in part: *…"For the 2010 Census, the Census Bureau defined urban areas as the densely settled core of census tracts or blocks that met minimum population density requirements (50,000 people or more), along with adjacent territories of at least 2,5000 [sic] people that link to the densely settled core.*[522]" No consideration of a community's distance from an urban area, its remoteness, lack of infrastructure and extremely high cost of satellite middle mile transport were factored into the designation of urban cluster as it had no bearing on a Census Bureau statistical definition, which was based solely on population count.

However, the Census Bureau itself wisely set a caveat concerning the use of its urban-rural classification, stating, *"If a federal, tribal, state, or local government agency voluntarily uses the urban-rural classification in a nonstatistical program, it is that agency's responsibility to* ***ensure that the classification is appropriate for such use.*** *In considering the appropriateness of the classification for use in a nonstatistical program, the Census Bureau urges each government agency to consider* ***permitting appropriate modifications of the results*** *of implementing the urban-rural classification specifically for the purposes of its program."*[11]

The nearest urban area to Barrow, Alaska meeting the Census Bureau's definition is Fairbanks, Alaska. The straight line distances as the raven flies between Fairbanks and Barrow is 502.35 miles. We say as the raven flies because Barrow does not have a road that leads to Fairbanks, or any other urban or rural community for that matter.[12] Logically, do 502 miles of roadless, uninhabited tundra and the Brooks Range separating Barrow and Fairbanks qualify them as "adjacent"? Likewise, other insular remote Alaskan communities are caught in the urban cluster set net, based purely on population count. From Fairbanks, Kotzebue, Alaska is over 442 straight line miles[13] and Nome is 522 straight line miles away,[14] separated from each other by vast wilderness. Similarly, Anchorage, Alaska is the closest urban area to Bethel,

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[11] Federal Register Vol. 76, No. 164, pg. 53030, Supplementary Information: para. 3.
[12] http://distancecalculator.globefeed.com/us_Distance_Calculator.asp?state=AK
[13] Id.
[14] Id.

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Alaska (399 straight line miles)[15] Sitka, Alaska (539 straight line miles)[16] and Juneau, Alaska (573 straight line miles)[17]. Anchorage is also the closest urban area to Ketchikan and Kodiak, Alaska. By using a combination of highways and ferries, one can "drive" to Kodiak in 17 hours, 6 minutes[18] and Ketchikan in 40 hours,[19] which includes crossing into British Columbia and taking two ferries.

Because of inappropriate application of the Census Bureau's urban-rural classification for determining rural discounts for e-rate, the Commission should act expeditiously and suspend the use of that list for reclassifying currently rural areas as urban clusters, particularly in Alaska. Doing so makes good on the Commission's promise of working towards broadband equality for low income and rural areas. Rural America cannot afford a painful and expensive sequel to Quantile Regression Analysis (QRA) thrust upon its citizens, as would occur if rural discounts for e-rate were taken away, further stressing finite rural resources.

As a reasonable alternative, if the Wireline Competition Bureau felt it must get additional funding concessions targeted at rural America, perhaps a more equitable solution would be to set a much higher threshold for forfeiture of the rural discount, such as between 25,000 and 50,000 population. A population of this size should have a better chance of receiving improved broadband pricing because of competition, a higher tax base to support the school or library, more qualified labor and other benefits associated with economies of scale and access to infrastructure.

In closing, we applaud Chairman Wheeler's leadership and balanced vision upon taking stock of the situation he inherited. Rather than embracing failed policies as Chairman Genachowski did, Chairman Wheeler had the courage and humility to admit "we got it wrong" and take responsibility for course correction, as he did decisively in terminating the fatally flawed QRA. Capriciously redefining what constitutes rural by misusing the urban cluster classification is deserving of a similar fate.

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[15] Id.
[16] Id.
[17] Id.
[18] Id.
[19] Id.

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Respectfully submitted,

/s/ Steve Merriam
CEO/General Manager
ASTAC

Cc:
Senator Mark Begich
Senator Lisa Murkowski
Congressman Don Young

Appendix A

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Tuzzy Broadband Analysis	MRC	YRC			
[redacted]MB Service	[redacted]	[redacted]			
E-rate 70% discount	[redacted]	[redacted]			
State Contribution	[redacted]	[redacted]			
Tuzzy Contribution	[redacted]	[redacted]			
With Loss of Rural Discount					
[redacted]MB Service	[redacted]	[redacted]			
E-rate 60% discount	[redacted]	[redacted]		Yearly	Tuzzy Increase in
State Contribution	[redacted]	[redacted]		Cost Shift	$ Per MG
Tuzzy Contribution	[redacted]	[redacted]		[redacted]	49%

Appendix A