

Alaska Plan Performance Obligations

TelAlaska Wireless

Note 1

Note 2

Middle Mile	Population 2010 Census	Minimum Service	Population Served 12/31/14	% Population Served 12/31/14	Minimum Service	5 Year Population Served	5 Year % Total Population Served	Minimum Service	10 Year Total Population Served	10 Year % Population Served												
Satellite	15,198	2G/voice			2G/voice			2G/voice														
		3G			3G			3G														
		4G			4G			4G														
Microwave	0	2G/voice									2G/voice			2G/voice								
		3G									3G			3G								
		4G									4G			4G								
Fiber	0	2G/voice															2G/voice			2G/voice		
		3G															3G			3G		
		4G															4G			4G		

Note 1: Population per 2010 Census in service area. Excludes population served by AT&T and/or Verizon at 4G LTE using their infrastructure.

Note 2: Service levels describe performance, not technology. 47 CFR § 54.1006(a) defines 3G benchmark performance level, 47 CFR § 54.1006(b) defines 4G benchmark performance level.

Note 3: Year 1 is 2016

PROPOSED RULE CHANGES TO IMPLEMENT THE ALASKA PLAN

November 17, 2015

§54.101 Supported services for rural, insular and high cost areas.

(a) Services designated for support. Voice Telephony services shall be supported by federal universal service support mechanisms. Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems; and toll limitation services to qualifying low-income consumers as provided in subpart E of this part.

(b) An eligible telecommunications carrier must offer voice telephony service as set forth in paragraph (a) of this section in order to receive federal universal service support.

(c) For Alaska Infrastructure Fund Participants (as defined in §54.306), broadband Internet access service as defined in §8.2(a) shall be supported by federal universal service support mechanisms, in addition to the services described in subsection (a).

§54.306 Alaska Infrastructure Fund Option

(a) For purposes of subparts A, B, C, D, H, I, J, K and M of this Part, rate-of-return carriers serving Alaska have a one-time option to elect to participate in the Alaska Infrastructure Fund. Carriers exercising this option shall receive the lesser of (1) support as described in §54.901(e) and §54.1310(d), for services described in §54.101(c) or (2) \$3000 annually for each line reported in service as of December 31, 2011 pursuant to §§54.1305 and 54.1306. Carriers exercising this option are referred to throughout this Part as Alaska Infrastructure Fund Participants.

(b) In order to participate in the Alaska Infrastructure Fund, a rate-of-return carrier must submit a performance and accountability plan to the Wireline Competition Bureau, and the Bureau must approve such plan. The performance plan must include specific performance requirements sufficient to demonstrate that support is being used in accordance with the requirements of these rules and the guidelines set forth by the Commission in [the Alaska Plan Order], and include provisions determining amounts of support that must be refunded or reduced should performance requirements not be achieved. The Wireline Competition Bureau is delegated the authority to specify a process to elect to participate in the Alaska Infrastructure Fund, to submit such plans and to approve such plans.

§ 54.307 Support to a competitive eligible telecommunications carrier.

(a) Calculation of support. A competitive eligible telecommunications carrier shall receive universal service support to the extent that the competitive eligible telecommunications carrier captures the subscriber lines of an incumbent local exchange carrier (LEC) or serves new subscriber lines in the incumbent LEC's service area.

(1) A competitive eligible telecommunications carrier serving loops in the service area of a rural incumbent local exchange carrier, as that term is defined in §54.5 of this chapter, shall receive support for each line it serves in a particular service area based on the support the incumbent LEC would receive for each such line, disaggregated by cost zone if disaggregation zones have been established within the service area pursuant to §54.315 of this subpart. A competitive eligible telecommunications carrier serving loops in the service area of a non-rural incumbent local exchange carrier shall receive support for each line it serves in a particular wire center based on the support the incumbent LEC would receive for each such line. A competitive eligible telecommunications carrier serving loops in the service area of a rate-of-return carrier shall be eligible to receive Interstate Common Line Support for each line it serves in the service area in accordance with the formula in §54.901.

(2) A competitive eligible telecommunications carrier that uses switching purchased as unbundled network elements pursuant to §51.307 of this chapter to provide the supported services shall receive the lesser of the unbundled network element price for switching or the per-line DEM support of the incumbent LEC, if any. A competitive eligible telecommunications carrier that uses loops purchased as unbundled network elements pursuant to §51.307 of this chapter to provide the supported services shall receive the lesser of the unbundled network element price for the loop or the incumbent LEC's per-line payment from the high-cost loop support, LTS, and Interstate Common Line Support mechanisms, if any. The incumbent LEC providing nondiscriminatory access to unbundled network elements to such competitive eligible telecommunications carrier shall receive the difference between the level of universal service support provided to the competitive eligible telecommunications carrier and the per-customer level of support that the incumbent LEC would have received.

(3) A competitive eligible telecommunications carrier that provides the supported services using neither unbundled network elements purchased pursuant to §51.307 of this chapter nor wholesale service purchased pursuant to section 251(c)(4) of the Act will receive the full amount of universal service support that the incumbent LEC would have received for that customer. (a)

(b) ~~In order to~~ receive support pursuant to this subpart, a competitive eligible telecommunications carrier must report to the Administrator the number of working loops it serves in a service area pursuant to the schedule set forth in paragraph (c) of this section. For a competitive eligible telecommunications carrier serving loops in the service area of a rural incumbent local exchange carrier, as that term is defined in §54.5, the carrier must report, by customer class, the number of working loops it serves in the service area, disaggregated by cost zone if disaggregation zones have been established within the service area

pursuant to §54.315. For a competitive eligible telecommunications carrier serving loops in the service area of a non-rural telephone company, the carrier must report the number of working loops it serves in the service area, by customer class if the non-rural telephone company receives Interstate Common Line Support pursuant to §54.901 and by disaggregation zone if disaggregation zones have been established within the service area pursuant to §54.315 of this subpart, and the number of working loops it serves in each wire center in the service area. For universal service support purposes, working loops are defined as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS closed end access and TWX service. Competitive eligible telecommunications carriers providing mobile wireless service in an incumbent LEC's service area shall use the customer's billing address for purposes of identifying the service location of a mobile wireless customer in a service area.

(c) A competitive eligible telecommunications carrier must submit the data required pursuant to paragraph (b) of this section according to the schedule.

(1) No later than July 31st of each year, submit data as of December 31st of the previous calendar year;

(2) No later than September 30th of each year, submit data as of March 31st of the existing calendar year;

(3) No later than December 30th of each year, submit data as of June 30th of the existing calendar year;

(4) No later than March 30th of each year, submit data as of September 30th of the previous calendar year.

(d) Newly designated eligible telecommunications carriers. Notwithstanding the deadlines in paragraph (c) of this section, a carrier shall be eligible to receive support as of the effective date of its designation as an eligible telecommunications carrier under section 214(e)(2) or (e)(6), provided that it submits the data required pursuant to paragraph (b) of this section within 60 days of that effective date. Thereafter, the eligible telecommunications carrier must submit the data required in paragraph (b) of this section pursuant to the schedule in paragraph (c) of this section.

(e) Support Beginning January 1, 2012. Competitive eligible telecommunications carriers will, beginning January 1, 2012, receive support based on the methodology as described in this paragraph and not based on paragraph (a) of this section.

((1) *Baseline Support Amount.* Each competitive eligible telecommunicationtelecommunications carrier will have a "baseline support amount" equal to its total 2011 support in a given study area, or an amount equal to \$3,000 times the number of reported lines for 2011, whichever is lower. Each competitive eligible telecommunications carrier will have a "monthly baseline support amount" equal to its baseline support amount divided by twelve.

((i) "Total 2011 support" is the amount of support disbursed to a competitive eligible telecommunicationtelecommunications carrier for 2011, without regard to prior period adjustments related to years other than 2011 and as determined by the Administrator on January 31, 2012.

(ii) For the purpose of calculating the \$3,000 per line limit, the average of lines reported by a competitive eligible telecommunicationtelecommunications carrier pursuant to line count filings required for December 31, 2010, and December 31, 2011, shall be used. The \$3,000 per line limit shall be applied to support amounts determined for each incumbent study area served by the competitive eligible telecommunications carrier.

(2) *Monthly Support Amounts.* Competitive eligible telecommunications carriers shall receive the following support amounts, except as provided in paragraphs (e)(3) through (e)(6), (c), and (d) of this section.

(i) From January 1, 2012, to June 30, 2012, each competitive eligible telecommunications carrier shall receive its monthly baseline support amount each month.

(ii) From July 1, 2012 to June 30, 2013, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(iii) ~~From Beginning July 1, 2013, to June 30, 2014~~until a date specified by public notice, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

(iv) ~~From July 1, 2014, to June 30, 2015, each~~Each competitive eligible telecommunications carrier that is not a winning bidder for Mobility Fund Phase II support shall receive 40 percent of its monthly baseline support amount each month.

(v) ~~From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive~~for twelve months, beginning the first month after the month in which a public notice announces winning bidders for Mobility Fund Phase II support, and then 20 percent of its monthly baseline support amount each month.

(vi) ~~Beginning July 1, 2016, no competitive eligible telecommunications carrier shall for the subsequent twelve months. Thereafter, it shall not receive universal service support pursuant to this section.~~

(3) *Delayed Phase Down*

(v) If a competitive eligible telecommunications carrier becomes eligible to receive high-cost support pursuant to the Mobility Fund Phase II, it will cease to be eligible for phase-down support in the first month after the month in which its Mobility Fund Phase II support is authorized.

(b) ***Support for Remote Areas in Alaska.*** ~~Certain~~Subject to the requirements of this subsection, certain competitive eligible telecommunications carriers serving remote areas in Alaska shall have their support frozen for a period of ten years, commencing on December 31, 2014, rather than phased down on a later schedule than that as described in paragraph (e)(2) of this section. Competitive eligible telecommunications carriers serving remote areas in Alaska may also receive additional support for service to unserved remote areas in Alaska as described in paragraph (b)(7)(D).

(i1) *Remote Areas in Alaska.* For the purpose of this paragraph, "remote areas in Alaska" includes all of Alaska except;

(A)(i) The ACS-Anchorage incumbent study area;

(i) If the Average Interstate Common Line Support is greater than \$2.70 multiplied by the number of residential and single-line business lines served by the rate-of-return carrier in the disaggregation zone or undisaggregated study area, then:

(A) Interstate Common Line Support per Multi-Line Business Line = (Average Interstate Common Line Support - \$2.70 × residential and single-line business lines served by the rate-of-return carrier) ÷ (total lines served by the rate-of-return carrier); and

(B) Interstate Common Line Support per Residential and Single-Line Business Line = Interstate Common Line Support per Multi-Line Business Line + \$2.70.

(ii) If the Average Interstate Common Line Support is less than or equal to \$2.70 multiplied by residential and single-line business lines served by the rate-of-return carrier in the disaggregation zone or undisaggregated study area, but greater than \$0, then:

(A) Interstate Common Line Support per Multi-Line Business Line = \$0; and

(B) Interstate Common Line Support per Residential and Single-Line Business Line = Average Interstate Common Line Support + residential and single line business lines served by the rate-of-return carrier.

(iii) If the Average Interstate Common Line Support is equal to \$0, then the competitive eligible telecommunications carrier shall receive no Interstate Common Line Support for lines served in that disaggregation zone or undisaggregated study area.

(4) Beginning January 1, 2012, competitive eligible telecommunications carriers shall not receive Interstate Common Line Support pursuant to this subpart and will instead receive support consistent with §54.307(e).

(c) Beginning January 1, 2012, for purposes of calculating the amount of Interstate Common Line Support determined pursuant to paragraph (a) of this section that a non-price cap carrier may receive, the corporate operations expense allocated to the Common Line Revenue Requirement, pursuant to §69.409 of this chapter, shall be limited to the lesser of:

(1) The actual average monthly per-loop corporate operations expense; or

(2) The portion of the monthly per-loop amount computed pursuant to §36.621(a)(4)(iii) of this chapter that would be allocated to the interstate Common Line Revenue Requirement pursuant to §69.409 of this chapter.

(d) Support After December 31, 2011. Notwithstanding paragraph (a) of this section, beginning January 1, 2012, no carrier that is a rate-of-return carrier, as that term is defined in §54.5 affiliated with a price cap local exchange carrier, as that term is defined in §61.3(aa) of this chapter, shall receive support under this subpart.

(e) Beginning January 1, 2015, and continuing until December 31, 2024, each Alaska Infrastructure Fund Participant shall receive Interstate Common Line Support equal its 2011 Interstate Common Line Support

(Bii) The ACS-Juneau incumbent study area;

(Ciii) The fairbankszone1 disaggregation zone in the ACS-Fairbanks incumbent study area; and

(Div) The Chugiak 1 and 2 and Eagle River 1 and 2 disaggregation zones of the MatanuskaMatanuska Telephone Association incumbent study area.

~~(ii)(2) Carriers Subject to Delayed Phase Down.~~ Eligible for Frozen Support. A competitive eligible telecommunications carrier shall be subject to the delayed phase down described in paragraph (e)(3) of this section to the extent that eligible for frozen support if (1) it serves remote areas in Alaska, and it certified that it served covered locations anywhere in remote areas in Alaska in its September 30, 2011, filing of line counts with the Administrator. ~~To the extent, or (2) is designated as a competitive eligible telecommunications carrier serving Alaska is not subject to the delayed phase down, it will be subject to the phase down of support on the schedule described in paragraph (e)(2) of this section.~~

~~(iii) Baseline for Delayed Phase Down.~~ For purpose of the delayed phase down for remote areas in Alaska, the baseline amount for each competitive eligible telecommunications carrier subject to the delayed phase down shall be the annualized monthly support amount received for June 2014 or the last full month prior to the implementation of Mobility Fund Phase II, whichever is later.

~~(iv) Monthly Support Amounts.~~ Competitive eligible telecommunications carriers subject to the delayed phase down for to serve remote areas in Alaska shall receive the following support amounts, except as provided in paragraphs (e)(4) through (e)(6) of this section.

(A) From July 1, 2014 to June 30, after January 1, 2015, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(B) From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

(C) From July 1, 2016, to June 30, 2017, each competitive eligible telecommunications carrier shall receive 40 percent of its monthly baseline support amount each month.

(D) From July 1, 2017, to June 30, 2018, each competitive eligible telecommunications carrier shall receive 20 percent of its monthly baseline support amount each month.

(E) Beginning July 1, 2018, no competitive eligible telecommunications carrier serving remote areas in Alaska shall receive universal service support pursuant to this section.

~~(v)(3) Interim Support for Remote Areas in Alaska.~~ From January 1, 2012, until June 30, 2014 or the last full month prior to the implementation of Mobility Fund Phase II, whichever is later, [December 31, 2014], competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall continue to receive the support, as calculated by the Administrator, that each competitive telecommunications carrier would have received under the frozen per-line support amount as of December 31, 2011, capped at \$3,000 per year, provided that the total amount of support for all such competitive eligible telecommunications carriers shall be capped pursuant to paragraph (eb)(3)(v)(Ai) of this section.

(A) *Cap Amount.* Prior to [December 31, 2014], the total amount of support available on an annual basis for competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall be equal to the sum of "total 2011 support," as defined in paragraph (e)(1)(i) of this section, received by all competitive eligible telecommunications carriers subject to the delayed phase down for serving remote areas in Alaska.

(B) *Reduction Factor.* To effectuate the cap, prior to [December 31, 2014], the Administrator shall apply a reduction factor as necessary to the support that would otherwise be received by all competitive eligible telecommunications carriers serving remote areas in Alaska subject to the delayed phase down. The reduction factor will be calculated by dividing the total amount of support available amount by the total support amount calculated for those carriers in the absence of the cap.

(4) *Frozen Support beginning [January 1, 2015].* Beginning [January 1, 2015], and continuing until December 31, 2024, each competitive eligible telecommunications carrier eligible for remote Alaska frozen support shall receive the annualized monthly support amount it received for December 2014. Competitive eligible telecommunications carriers subject to the remote Alaska frozen support described in this subparagraph (b) shall no longer be required to file line counts beginning [January 1, 2015].

(5) *Use of Frozen Support.* Frozen support for remote areas of Alaska may only be used to provide mobile voice and broadband service in remote areas in Alaska that did not receive 4G LTE service directly from AT&T or Verizon as of December 31, 2014. Carriers eligible for frozen support may use frozen support to provide mobile voice and broadband service in remote areas of Alaska served by competitive eligible telecommunications carrier partners of Verizon or AT&T if those areas are served using the competitive eligible telecommunications carrier partner's infrastructure. To the extent a competitive eligible telecommunications carrier transfers some or all of its customers in remote areas of Alaska to another competitive eligible telecommunications carrier, it may also transfer its frozen support and any associated performance obligations.

(6) *Performance and Accountability Obligations.* In order to receive frozen support, a carrier eligible for frozen support must submit a performance and accountability plan to the Wireline Competition Bureau, and the Bureau must approve such plan. The performance plan must include specific performance requirements sufficient to demonstrate that support is being used in accordance with paragraph (b)(5) of this section, and include provisions determining amounts of support that must be refunded or reduced should performance requirements not be achieved. The Wireline Competition Bureau is delegated the authority to specify a process for submitting such plans and to approve such plans.

(7) *Support for Unserved Remote Areas in Alaska.* Notwithstanding subsection (a) of this section, support distributed on or after January 1, 2016 to competitive eligible telecommunications carriers that serve areas in Alaska other than remote areas of Alaska, or that do not elect to receive support under this subsection and do not receive Mobility Fund Phase II or Tribal Mobility Fund Phase II support, shall be governed by this subsection.

(A) For the twelve month period starting on January 1, 2016 and ending on December 31, 2016, each of these carriers shall receive 40 percent of the monthly support amount the carrier received for December, 2014, for the relevant study area.

(B) For the twelve month period starting on January 1, 2017 and ending on December 31, 2017, each of these carriers shall receive 20 percent of the monthly support amount the carrier received for December, 2014, for the relevant study area.

(C) Thereafter, these carriers shall not receive support for the relevant study areas.

(D) Support that would have been distributed to these carriers but for this subsection (c), less the amount calculated in section 54.1302(c) of this subpart, shall be available to be distributed to competitive eligible telecommunications carriers to support their deployment of wireless service to remote areas of Alaska that are without commercial mobile radio service [as of [DATE]]. This support shall be distributed by the Commission using a reverse auction, with performance obligations established at the time of such auction.

(c) Further reductions. If a competitive eligible telecommunications carrier ceases to provide services to high-cost areas it had previously served, the Commission may reduce its baseline support amount.

~~(5) Implementation of Mobility Fund Phase II Required.~~ In the event that the implementation of Mobility Fund Phase II has not occurred by June 30, 2014, competitive eligible telecommunications carriers will continue to receive support at the level described in paragraph (e)(2)(iii) of this section until Mobility Fund Phase II is implemented. In the event that Mobility Fund Phase II for Tribal lands is not implemented by June 30, 2014, competitive eligible telecommunications carriers serving Tribal lands shall continue to receive support at the level described in paragraph (e)(2)(iii) of this section until Mobility Fund Phase II for Tribal lands is implemented, except that competitive eligible telecommunications carriers serving remote areas in Alaska and subject to paragraph (e)(3) of this section shall continue to receive support at the level described in paragraph (e)(3)(v) of this section.

~~(6) Eligibility after Implementation of Mobility Fund Phase II.~~ If a competitive eligible telecommunications carrier becomes eligible to receive high-cost support pursuant to the Mobility Fund Phase II, it will cease to be eligible for phase-down support in the first month for which it receives Mobility Fund Phase II support.

~~(7) Line Count Filings.~~ Competitive eligible telecommunications carriers, except those subject to the delayed phase down described in paragraph (e)(3) of this section, shall no longer be required to file line counts beginning January 1, 2012. Competitive eligible telecommunications carriers subject to the delayed phase down described in paragraph (e)(3) of this section shall no longer be required to file line counts beginning July 1, 2014, or the date after the first line count filing following the implementation of Mobility Fund Phase II, whichever is later.

(d) Accelerated Phase Down. Any wireless competitive eligible telecommunications carrier shall cease receiving competitive eligible telecommunications carrier support effective January 1, 2015, to the extent its annualized support in 2014 represented 1 percent or less of its wireless revenues for 2014 as reported on FCC Form 499-A.

§54.901 Calculation of Interstate Common Line Support.

(a) Interstate (a) Except as provided in §54.901(e), interstate Common Line Support available to a rate-of-return carrier shall equal the Common Line Revenue Requirement per Study Area as calculated in accordance with part 69 of this chapter minus:

- (1) The study area revenues obtained from end user common line charges at their allowable maximum as determined by §§69.104(n) and 69.104(o) of this chapter;
- (2) The carrier common line charge revenues to be phased out pursuant to §69.105 of this chapter;
- (3) The special access surcharge pursuant to §69.114 of this chapter;
- (4) The line port costs in excess of basic analog service pursuant to §69.130 of this chapter; and
- (5) Any Long Term Support for which the carrier is eligible or, if the carrier ceased participation in the NECA common line pool after October 11, 2001, any Long Term Support for which the carrier would have been eligible if it had not ceased its participation in the pool.

(b) The per-line Interstate Common Line Support available to a competitive eligible telecommunications carrier serving lines in a study area served by a rate-of-return carrier shall be calculated by the Administrator as follows:

- (1) If the rate-of-return carrier has disaggregated the support it receives in the study area pursuant to §54.315, the Administrator shall calculate the amount of Interstate Common Line Support targeted to each disaggregation zone by the rate-of-return carrier (targeted Interstate Common Line Support). If the rate-of-return carrier has chosen not to disaggregate its support for a study area pursuant to §54.315, then the entirety of its Interstate Common Line Support for the study area shall be considered targeted Interstate Common Line Support for purposes of performing the calculations in this section.
- (2) In each disaggregation zone or undisaggregated study area, the Administrator shall calculate the Average Interstate Common Line Support by dividing the rate-of-return carrier's targeted Interstate Common Line Support by its total lines served.
- (3) The Administrator shall then calculate the Interstate Common Line Support available to the competitive eligible telecommunications carrier for each line it serves for each customer class in a disaggregation zone or undisaggregated study area by the following formula:

in a given study area. For purposes of this subpart, such carrier's 2011 Interstate Common Line Support is equivalent to the amount of support disbursed to that carrier for 2011, less any reduction made to that carrier's support in 2012 pursuant to §54.901(c). 2011 Interstate Common Line Support shall be calculated without regard to prior period adjustments related to years other than 2011 and as determined by USAC on January 31, 2012.

§54.902 Calculation of Interstate Common Line Support for transferred exchanges.

(a) In the event that a rate-of-return carrier acquires exchanges from an entity that is also a rate-of-return carrier, Interstate Common Line Support for the transferred exchanges shall be distributed as follows.

(1) Each carrier may report its updated line counts to reflect the transfer in the next quarterly line count filing pursuant to §54.903(a)(1) that applies to the period in which the transfer occurred. During a transition period from the filing of the updated line counts until the end of the funding year, the Administrator shall adjust the Interstate Common Line Support received by each carrier based on the updated line counts and the per-line Interstate Common Line Support, categorized by customer class and, if applicable, disaggregation zone, of the selling carrier. If the acquiring carrier does not file a quarterly update of its line counts, it will not receive Interstate Common Line Support for those lines during the transition period.

(2) Each carrier's projected data for the following funding year filed pursuant to §54.903(a)(3) shall reflect the transfer of exchanges.

(3) Each carrier's actual data filed pursuant to §54.903(a)(4) shall reflect the transfer of exchanges. All post-transaction Interstate Common Line Support shall be subject to true up by the Administrator pursuant to §54.903(b)(3).

(b) In the event that a rate-of-return carrier acquires exchanges from a price cap carrier that are incorporated into one of the rate-of-return carrier's existing study areas, Interstate Common Line Support for the transferred exchanges shall be distributed as follows.

(1) The acquiring carrier may report its updated line counts for the study area into which the acquired lines are incorporated in the next quarterly line count filing pursuant to §54.903(a)(1) that applies to the period in which the transfer occurred. During a transition period from the filing of the updated line counts until the end of the funding year, the Administrator shall adjust the Interstate Common Line Support received by the acquiring carrier based on the updated line counts and the per-line amounts Interstate Common Line Support for the study area served by the acquiring carrier. If necessary, the Administrator shall develop an average per-line support amount to reflect various per-line amounts in multiple disaggregation zones served by the acquiring carrier. If the acquiring carrier does not file a quarterly update of its line counts, it will not receive Interstate Common Line Support for those lines during the transition period.

(2) The acquiring carrier's projected data for the following funding year filed pursuant to §54.903(a)(3) shall reflect the transfer of exchanges.

(3) The acquiring carrier's actual data filed pursuant to §54.903(a)(4) shall reflect the transfer of exchanges. All post-transaction Interstate Common Line Support shall be subject to true up by the Administrator pursuant to §54.903(b)(3).

(c) In the event that a rate-of-return carrier acquires exchanges from a price cap carrier that are not incorporated into one of the rate-of-return carrier's existing study areas, Interstate Common Line Support for the transferred exchanges shall be distributed as follows.

(1) The acquiring rate-of-return may submit to the Administrator a projected Interstate Common Line Revenue Requirement for the acquired exchanges for the remainder of the funding year in the next quarterly report to the Administrator. The Administrator shall distribute Interstate Common Line Support pursuant to the partial year projected Interstate Common Line Revenue Requirement for the remainder of the funding year. If the acquiring carrier does not file a projected Interstate Common Line Revenue Requirement, it will not receive Interstate Common Line Support for those exchanges during the transition period.

(2) The acquiring carrier's projected data for the following funding year filed pursuant to §54.903(a)(3) shall reflect the transfer of exchanges.

(3) The acquiring carrier's actual data filed pursuant to §54.903(a)(4) shall reflect the transfer of exchanges. All post-transaction Interstate Common Line Support shall be subject to true up by the Administrator pursuant to §54.903(b)(3)

(d) In the event that an entity other than a rate-of-return carrier acquires exchanges from a rate-of-return carrier, per-line Interstate Common Line Support will not transfer.

(e) To the extent an Alaska Infrastructure Fund Participant transfers some or all of its customers in Alaska to another eligible telecommunications carrier, it may also transfer a proportionate amount of its Alaska Infrastructure Fund support and any associated performance obligations. To the extent another eligible telecommunications carrier that is not an Alaska Infrastructure Fund Participant transfers some or all of its customers to an Alaska Infrastructure Fund Participant, the Alaska Infrastructure Fund Participant may receive support for those customers consistent with the rules in this section.

(f) This section does not alter any Commission rule governing the sale or transfer of exchanges, including the definition of "study area" in part 36.

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§54.1302 Calculation of incumbent local exchange carrier portion of nationwide loop cost expense adjustment for rate-of-return carriers.

(a) Beginning January 1, 2013, and each calendar year thereafter, except as described in subsections (b) and (c), the total annual amount of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall not exceed the amount for the immediately preceding calendar year, multiplied times one plus the Rural Growth Factor calculated pursuant to §54.1303.

(b) Beginning January 1, 2015, and each calendar year thereafter until December 31, 2024, the total annual amount of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall not exceed the amount for the immediately preceding calendar year, multiplied times one plus the Rural Growth Factor calculated pursuant to §54.1303, less the total expense adjustments to be paid to Alaska Infrastructure Fund Participants pursuant to §54.1310(d) of this subpart.

(c) Beginning January 1, 2015, and each calendar year thereafter until December 31, 2024, the total annual amount of the incumbent local exchange portion of the nationwide loop cost expense adjustment shall also include the lesser of (1) the total frozen expense adjustments to be paid to Alaska Infrastructure Fund Participants less their Calendar Year 2014 expense adjustments (not including prior period adjustments), or (2) the amount of support not distributed to non-remote Alaska competitive eligible telecommunications carriers as a result of §54.307((b)(7), up to \$7 million.

(d) The annual rural incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall be reduced to reflect the transfer of rural incumbent local exchange carrier access lines that are eligible for expense adjustments pursuant to §54.1310. The reduction shall equal the amount of the §54.1310 expense adjustment available to the transferred access lines at the time of the transfer and shall be effective in the next calendar quarter after the access lines are transferred.

(e) Safety net additive support calculated pursuant to §54.1304, and transferred high-cost support and safety valve support calculated pursuant to §54.305 of this part shall not be included in the rural incumbent local exchange carrier portion of the annual nationwide loop cost expense adjustment.

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§54.1310 Expense adjustment.

~~(a)~~ (a) Except as provided in §54.1310(d), until June 30, 2015, for study areas reporting 200,000 or fewer working loops pursuant to §54.1305(h), the expense adjustment (additional interstate expense allocation) is equal to the sum of paragraphs (a)(1) and (2) of this section.

- (1) Sixty-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to §54.1309(b) in excess of 115 percent of the national average for this cost but not greater than 150 percent of the national average for this cost as calculated pursuant to §54.1309(a) multiplied by the number of working loops reported in §54.1305(h) for the study area; and
- (2) Seventy-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to §54.1309(b) in excess of 150 percent of the national average for this cost as calculated pursuant to §54.1309(a) multiplied by the number of working loops reported in §54.1305(h) for the study area.

~~(b) Beginning~~(b) Except as provided in §54.1310(d), beginning July 1, 2015, the expense adjustment for each study area calculated pursuant to paragraph (a) of this section will be adjusted as follows:

- (1) If the aggregate expense adjustments for all study areas exceed the maximum rural incumbent local exchange carrier portion of nationwide loop cost expense adjustment allowable pursuant to §54.1302(a) (the HCLS cap), then each study area's expense adjustment (except for study areas or partial study areas served by Alaska Infrastructure Fund Participants) will be reduced by multiplying it by the ratio of the HCLS cap to the aggregate expense adjustments for all study areas.
- (2) If the aggregate expense adjustments for all study areas are less than the HCLS cap set pursuant to §54.1302(a), then the expense adjustments for all study areas pursuant to paragraph (a) of this section shall be recalculated using a cost per loop calculated to produce an aggregate amount equal to the HCLS cap in place of the national average cost per loop.

(c) The expense adjustment calculated pursuant to paragraphs (a) and (b) of this section shall be adjusted each year to reflect changes in the amount of high-cost loop support resulting from adjustments calculated pursuant to §54.1306(a) made during the previous year. If the resulting amount exceeds the previous year's fund size, the difference will be added to the amount calculated pursuant to paragraphs (a) and (b) of this section for the following year. If the adjustments made during the previous year result in a decrease in the size of the funding requirement, the difference will be subtracted from the amount calculated pursuant to paragraphs (a) and (b) of this section for the following year.

(d) Beginning January 1, 2015, and continuing until December 31, 2024, each Alaska Infrastructure Fund Participant shall receive an expense adjustment equal to the expense adjustment it received in 2011. For purposes of this subpart, such carrier's 2011 expense adjustment is the amount of the expense adjustment disbursed to that carrier for 2011, without regard to prior period adjustments related to years other than 2011 and as determined by USAC on January 31, 2012.

Congress of the United States
Washington, DC 20515

November 16, 2015

Chairman Thomas Wheeler
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Wheeler:

We are writing to support an Alaska specific solution for our rate-of-return and competitive carriers that mirrors the Commission's sensible solution for the State's price cap carrier. As you well know, in many of our remote Alaska communities broadband is a crucial component in public safety, educating our youth, healing our sick, and creating economic opportunity for all. We recognize and commend your dedication to bringing broadband to the most remote and sparsely populated regions of our nation.

Thank you for visiting Alaska last summer to meet our providers and to listen to their stories of success and hear firsthand the challenges in deploying wireline and wireless broadband throughout our vast State. Stabilizing the high-cost fund in Alaska is essential to realizing the statutory goal of providing our most isolated rural consumers with communications services that are comparable to those available in the nation's urban centers.

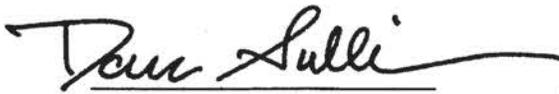
It is our expectation that remote Alaska does not get lost in the national rate-of-return reform discussion. We urge you and your colleagues on the Commission to approve and implement an Alaska specific solution as part of your effort to advance broadband through universal service reform by the end of the year. If it is not possible to include an Alaska-specific solution in the Commission's national rate-of-return reform, at a minimum we request you set aside the current high cost funding currently going to Alaska.

Our rate-of-return and wireless carriers cannot afford to allow this national reform effort to bypass them, or constrain an Alaska specific solution. Thank you for your consideration of this important Alaskan issue. We look forward to hearing your plans for a more complete solution for Alaska rate-of-return carriers.

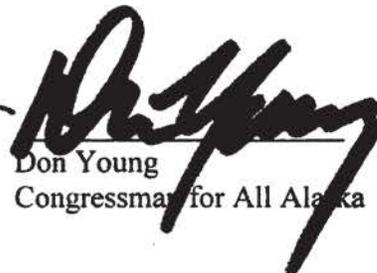
Sincerely,



Lisa Murkowski
United States Senator



Dan Sullivan
United States Senator



Don Young
Congressman for All Alaska