

---

## Alaska Telephone Association

Ed Cushing  
President

201 E. 56<sup>th</sup> Avenue, Suite 114  
Anchorage, AK 99518  
(907) 563-4000  
www.alaskatel.org

Christine O'Connor  
Executive Director

January 15, 2016

### Ex Parte

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: *Connect America Fund*, WC Docket No. 10-90; *Universal Service Reform Mobility Fund*, WT Docket No. 10-208; *ETC Annual Reports and Certifications*, WC Docket No. 14-58; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135; *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92

Dear Ms. Dortch,

Alaska Telephone Association (“ATA”) member companies proposed the Consensus Alaska Plan (“Alaska Plan” or “Plan”) as a comprehensive approach to support and deploy broadband networks in Alaska.<sup>1</sup> In response to Chairman Wheeler’s challenge, the Alaska Plan would expand and maintain fixed broadband and advanced mobile networks to unserved and underserved areas, with stable and sufficient funding levels that reflect key reforms adopted in the *USF/ICC Transformation Order*. We urge the Commission to adopt the Plan together with Connect America Fund rules for rate-of-return carriers generally, so that Alaskan consumers can enjoy the benefits of enhanced and expanded networks as quickly as possible. In adopting the Plan, the Commission should freeze support at 2011 levels adjusted to account for corporate operations expense limits and the \$250 cap per line per month, and include both the incumbent LEC and CETC components.

Frozen Rate-of-Return Support. Participating carriers stand ready to invest frozen support in network improvements that would increase by 70% the number of locations in rate-of-return areas that have access to fixed broadband services meeting the Commission’s benchmark of 25 Mbps/3 Mbps.<sup>2</sup> By the end of the 10-year plan, more than 81% of locations

---

<sup>1</sup> Letter from Christine O’Connor, Executive Director, Alaska Telephone Association, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 10-90, Attach. (filed Feb. 20, 2015).

<sup>2</sup> Letter from Christine O’Connor, Executive Director, Alaska Telephone Association, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 10-90 (filed. Nov. 19, 2015) (“ATA November 19, 2015 *Ex Parte* Letter”) Attach. 1 at 1 (showing that the number of locations passed by rate-of-return networks capable of providing 25Mbps/3Mbps would increase from 45,986 in Dec. 2014 to 78,168 by 2025).

would have access to at least 10 Mbps. Alaskans need access to modern broadband services that nationally, 90% of Americans already have.<sup>3</sup>

The key to the Alaska Plan is that participating carriers are *committing* to specific performance obligations.<sup>4</sup> Therefore, they need to know how much funding they will have. They cannot commit to the necessary investments and planning if they do not know what the support levels will be, and NECA's modeling shows that support amounts could indeed fluctuate substantially, depending on the responses of rate-of-return carriers outside Alaska.<sup>5</sup> Just as the Commission agreed to fixed sums for price cap carriers in exchange for specific performance obligations,<sup>6</sup> it should adopt the Alaska Plan's consistent proposal.

Support at Adjusted 2011 Levels. To achieve the scale of deployment improvements we have shared with the Commission, support should be frozen at 2011 levels, adjusted for corporate expense limitations for interstate common line support ("ICLS") and for the \$250 per line per month cap. Doing so in the context of the complete Alaska Plan is budget-neutral, has no effect on carriers outside of Alaska, and appropriately accounts for the disproportionate losses of support to Alaska over the last five years.

The Alaska Plan is self-budgeting and does not require funds from reserves or other supplemental sources. The funds saved through the phase-down of CETC support to non-Remote Alaska would support the deployment of mobile networks to Remote Unserved Alaska.<sup>7</sup> And the overall support going to the state of Alaska would not increase and, thus, there is therefore no impact to the overall high-cost budget. Nor is there any impact on the amount of high-cost loop support ("HCLS") available to non-Alaskan rate-of-return carriers. To the extent that 2011 levels of HCLS for participating Alaskan carriers exceed current levels, the Plan calls for using funds saved through the phase-down of CETC support to non-Remote Alaska *before* using those funds to support the deployment of mobile networks to Remote Unserved Alaska.<sup>8</sup> Thus, the Alaska Plan is revenue neutral for carriers outside Alaska.

The Plan also rationalizes support levels for Alaska. Since 2011, HCLS for Alaskan rate-of-return carriers has decreased by 32% and ICLS has decreased by 12% for a combined reduction in support of 22.6% in four years.<sup>9</sup> By contrast, total nationwide rate-of-return HCLS

---

<sup>3</sup> See Fact Sheet: 2016 Broadband Progress Report, Chairman's Draft at 2, <https://www.fcc.gov/document/fact-sheet-chairman-wheelers-proposed-2016-broadband-progress-report> (Fact Sheet).

<sup>4</sup> See *id.*, Attach. 2, proposed rules 54.306(b) (incumbent LECs) and 54.307(b)(6) (CETCs).

<sup>5</sup> See Letter from Regina McNeill, Vice President, National Exchange Carrier Association, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90, Attach. 5 at 14-15 (Nov. 17, 2015). For example, HCLS monthly reductions as modeled could vary from \$0.59 to \$2.28 per line.

<sup>6</sup> See, e.g., *State, Count and Carrier Data on \$9 Billion, Six-Year Connect America Fund Phase II Support for Rural Broadband Expansion*, News Release (Sept. 15, 2015), <https://www.fcc.gov/document/connect-america-fund-phase-ii-funding-carrier-state-and-county>.

<sup>7</sup> See ATA November 19, 2015 *Ex Parte* Letter, Attach. 2 (proposed rule 54.307(b)(7)(D)).

<sup>8</sup> See *id.* proposed rule 54.1302(c).

<sup>9</sup> In 2011 Alaska's rate of return carriers received \$60.3 million in high cost support funds: \$28.7 million in ICLS and \$31.6 million in HCLS. In 2015 they received \$46.6 million: \$25.2 million in ICLS and \$21.5 million in HCLS

support (excluding Alaska) has decreased by 10% and ICLS support has increased by 6% for a combined reduction in support of 1.3%, resulting in Alaskan rate-of-return carriers taking a hit 17 times as large as the national average.

Consistent with the Commission's decision to freeze support for non-contiguous price cap incumbent LECs at 2011 levels, the Alaska Plan proposes supporting Alaska rate-of-return carriers at 2011's pre-benchmarks level, adjusted by the ICLS corporate operations limit and the \$250 per-line limit. The benchmarking rules worked even less well in Alaska than in other parts of the country, as the Wireline Competition Bureau recognized when it waived the rule solely for Alaska starting in 2013.<sup>10</sup> But by that time, investment in Alaskan networks was sharply dampened, and the uncertainty of reform persisted. Alaskan industry responded rationally by reducing investment and operating in repair and maintenance mode. 2011 levels, appropriately adjusted for subsequent reforms for corporate operations expenses and the per-line cap, better reflect the level of support needed not just to maintain but to expand networks for Alaskan consumers.

Mobile Networks. The Alaska Plan is a carefully coordinated and unified approach to incumbent LEC and CETC reform. Every Alaska-based wireless carrier is an affiliate of a rate-of-return ILEC, and addressing both the rate-of-return and CETC components at the same time will allow providers to make holistic plans for their committed build-outs. For both fixed and wireless deployments, providers will continue their impressive improvements to critical middle-mile infrastructure to support both technologies.<sup>11</sup> If the Alaska Plan were not adopted as to the CETC elements, rate-of-return participants would have to plan their deployments—including their middle-mile improvements—without the certainty of the CETC funding component. If middle-mile improvements had to be scaled back, rate-of-return participants would have to reassess whether they could reach the same levels of wireline deployment previously described. Rather than lose the efficiencies associated with deploying both wired and wireless networks together, the Commission should adopt the Alaska Plan as a whole – rate-of-return and CETC elements both.

Adopting the CETC components simultaneously with the rate-of-return components will also benefit Alaskan consumers. As proposed just last week, consumers need access to both fixed broadband and mobile Internet access – the two services meet distinct needs.<sup>12</sup> With a

---

as reported in USAC's HC-01 4<sup>th</sup> Quarter Reports from 2011 and 2015. (The Alaska Plan incorporates adjustments made pursuant to WT Docket No. 10-208 which determined final support levels for Adak Eagle Enterprises and Windy City Cellular. Total reduction in support to Alaska's rate of return carriers excluding Adak Eagle Enterprises' HCLS and ICLS is 20.6 %.)

<sup>10</sup> See *Connect America Fund*, WC Docket No. 10-90, *High-Cost Universal Service Support*, WC Docket No. 05-337, DA-13-1656, Order, FCC Rcd. 11004 (Wireline Comp. Bur. 2013)

<sup>11</sup> See Letter from Christine O'Connor, Executive Director, Alaska Telephone Association, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Oct. 1, 2015), Attachs. (showing maps of Alaska middle-mile infrastructure deployment increases from 2010 to 2015); Letter from Chris Nierman, Senior Counsel, Federal Affairs, General Communication, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90, at 3-4 (filed June 3, 2015) (listing middle-mile investments by signatories to the Alaska Plan).

<sup>12</sup> See Fact Sheet at 1.

Ms. Marlene H. Dortch

January 15, 2016

Page 4 of 4

comprehensive Plan before it, the Commission can take steps now to ensure that both services become available as quickly as possible to more Alaskans.

\* \* \*

Please do not hesitate to contact me if you have any questions regarding this matter.

Sincerely,

/s/

Christine O'Connor  
Executive Director  
Alaska Telephone Association  
201 E. 56<sup>th</sup> Ave., Ste. 114  
Anchorage, AK 99518  
(907) 563-4000  
[occonnor@alaskatel.org](mailto:occonnor@alaskatel.org)