
Alaska Telephone Association

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Christine O'Connor
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February 8, 2016

Ex Parte

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

Re: *Connect America Fund*, WC Docket No. 10-90; *High Cost Universal Service Support*, WC Docket No. 05-337; *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 Inter-carrier Compensation Regime*, CC Docket No. 01-92

Dear Ms. Dortch:

On February 5, 2016, Michael Burke of Matanuska Telephone Authority (“MTA”), David Dengel of Copper Valley Telephone Cooperative, Steve Merriam of Arctic Slope Telephone Association Cooperative, Chris Nierman of General Communication, Inc. (“GCI”), Jeffry Smith of GVNW Consulting, Inc., John Nakahata of Harris, Wiltshire & Grannis LLP (on behalf of GCI), and I spoke by telephone with Stephanie Weiner, Senior Legal Advisor to Chairman Wheeler, Amy Bender, Legal Advisor to Commissioner O’Rielly, and Carol Matthey, Deputy Chief of the Wireline Competition Bureau. We urged that the Consensus Alaska Plan be adopted contemporaneously with reforms to the rate-of-return Connect America Fund II for the Lower 48. Adopting the Alaska Plan now is entirely achievable; the Plan is a simple mechanism consisting of frozen and redistributed support, with no regressions, models or other complexities.¹ The Plan framework is familiar to the Commission, and the rules have been drafted and submitted.² It is ready to go, and the Commission should adopt its framework now so providers can finalize the details of performance and accountability plans with the Wireline and Wireless Bureaus.

¹ See Letter from Christine O’Connor, Executive Director, Alaska Telephone Association, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Feb. 20, 2015), Attach. (“Alaska Plan”).

² See Letter from Christine O’Connor, Executive Director, Alaska Telephone Association, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Nov. 19, 2015), Attach. at 25-37 (“Alaska Plan Proposed Rules”).

The Alaska Plan is a consensus approach to addressing the unique challenges of deploying and operating communications networks in Alaska. When it embarked on the mission to bring broadband to high-cost areas through Connect America, the Commission explicitly acknowledged that Alaska faces “special circumstances, such as its remoteness, lack of roads, challenges and costs associated with transporting fuel, lack of scalability per community, satellite and backhaul availability, extreme weather conditions, challenging topography, and short construction season.”³ The Commission has responded to these unique challenges by tailoring the national approach as applied in Alaska, including by delaying support phase-down for CETCs in remote Alaska, incorporating specific inputs in the CAF cost model, and accommodating Alaska’s geographic expanse in Mobility Fund Phase I.⁴ Rather than asking the Commission to continue making repeated and complex modifications to its national reforms, the Alaska Plan responds to Chairman Wheeler’s challenge to bring forward a comprehensive plan, tailored to Alaska’s challenges, to make progress in bringing broadband to unserved and underserved areas. Alaskan carriers stepped up to this challenge, and the Commission should now act on it.

If, however, the Commission proceeds with national reforms before it addresses the Alaska Plan, we urge the Commission to commit specifically to releasing an order addressing the Alaska Plan at least 30 days before any deadline for rate-of-return carriers to elect model-based support, and in any event well before the end of the second quarter 2016. The Alaska

³ *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, 26 FCC Rcd. 17,663, 17,829 ¶ 508 (2011), *aff’d sub nom. In re FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014). Similarly, when it updated the Rural Health Care mechanisms, the Commission acknowledged that “the state’s vast size, harsh winter weather, and sparse population make it challenging to deploy fiber or wireless networks in many rural areas.” *Rural Health Care Support Mechanism*, Report and Order, FCC 12-150, 27 FCC Rcd. 16,678, 16,719 ¶ 92 n.251 (2012). And most recently, the Commission accounted for Alaska’s uniqueness in the Incentive Auction because Alaskan wireless providers “face[] uniquely challenging operating conditions for deploying and operating networks.” *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, FCC 14-50, 29 FCC Rcd. 6567, 6602 ¶ 77 (2014) (subsequent history omitted).

⁴ Chairman Wheeler responded to the concerns of Congressman Young of Alaska by identifying the several ways in which the Commission had to modify Connect America and high-cost support in general for Alaska. See Letter from Hon. Tom Wheeler, Chairman, FCC, to Hon. Don Young, U.S. House of Representatives (Apr. 7, 2014).

Plan is designed as an optional alternative to national reforms, such that an Alaska rate-of-return carrier could elect the Alaska Plan or alternatively elect model-based or cost-based support, however revised by the Commission. Alaska's rate-of-return carriers thus need a reasonable period of time in which to assess whether model-based support, generally applicable rate-of-return mechanisms, or the Alaska Plan best suits their individual circumstances.

To prevent unnecessary disruption, the Commission should also, for the Alaska rate-of-return carriers, defer the effective date of any changes made to the legacy HCLS and ICLS mechanisms until after Commission action with respect to the Alaska Plan and the opportunity for Alaskan carriers to make their elections.⁵ As the Alaska Telephone Association has explained, Alaskan carriers have already seen their support disproportionately lowered, notwithstanding the unique challenges the Commission has acknowledged again and again to deploying and operating networks in Alaska.⁶ We believe that most if not all of the rate-of-return carriers in Alaska will elect the Alaska Plan. If, after considering all its options, any Alaskan carrier elected one of the other approaches, it would then be subject to the rules applicable to that approach, whether model-based support or cost-based support as revised by the Commission.

Finally, the Commission should take no action that precludes the adoption of the Alaskan Plan as proposed. If the Commission begins to implement national reforms before it implements the Alaska Plan, the Commission should hold to the side the difference between the amount of support that the Alaska Plan would require if all Alaskan carriers opted to participate,⁷ and the amount of support that Alaskan rate-of-return carriers and CETCs receive at that time. By doing so, the Commission would ensure that sufficient funds are available to fully fund the Alaska Plan without any impact on support available to other carriers, and without any need to rely on CAF reserves. To the extent that the amount set aside is greater

⁵ We recognize that if the Commission represcribes the authorized rate of return, that will affect all carriers during the time that they operate under rate of return rather than an incentive based mechanism, such as ACAM or the Alaska Plan.

⁶ See Letter from Christine O'Connor, Executive Director, Alaska Telephone Association, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 07-135, 10-90 & 14-58, WT Docket No. 10-208, CC Docket No. 01-92 (filed. Jan. 15, 2016).

⁷ Specifically, the Commission should direct USAC to calculate how much support rate-of-return carriers would receive as calculated under proposed rule 54.306(a), and how much support CETCs would receive as calculated under proposed rule 54.307. See Alaska Plan Proposed Rules at 25.

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than the amount ultimately needed for the Alaska Plan, those funds could be added to CAF reserves or redistributed among other high-cost recipients.

* * *

Please contact me if you have any questions.

Respectfully submitted,

/s/

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Executive Director

cc: Amy Bender
Nick Degani
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