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Executive Director

April 18, 2016

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

RE: Ex parte filing in WC Docket No. 10-90

Dear Ms. Dortch:

On April 14th the undersigned, joined by Michael Burke from Matanuska Telephone Association in Palmer, AK, Dave Dengel from Copper Valley Telecom in Valdez, AK, Steve Merriam from Arctic Slope Telephone Association Cooperative in Anchorage, AK, Chris Nierman from GCI in Anchorage, AK, John Nakahata, Outside Counsel for GCI, and Jeff Smith from GVNW Consulting, Inc. met telephonically with Carol Matthey, Suzanne Yelen, Alexander Minard, Victoria Goldberg, and Heidi Lankau from the Wireline Competition Bureau to discuss the Alaska Infrastructure Fund (AIF).

We discussed how the AIF aligns with the Rate-of-Return Reform Order adopted March 23. As with companies choosing model-based support, companies electing the AIF would exit the NECA common line pool but could choose to continue to participate in NECA tariffs and administrative functions. Likewise, similar to companies choosing model-based support, AIF participants would meet specific performance obligations and milestones to ensure the continued operation and deployment of broadband in remote Alaska. Finally, we provided the staff with copies of the attached revised proposed rules, which reflect suggested amendments to the rules as adopted in the March Rate-of-Return Reform Order.

Pursuant to Section 1.1206 of the Commission's rules, this ex parte letter is being filed via ECFS in WC Docket 10-90.

Respectfully submitted,

Via ECFS 4/18/2016

Christine O'Connor
Executive Director

cc: Carol Matthey
Alexander Minard
Victoria Goldberg
Suzanne Yelen
Heidi Lankau

Attachment

Proposed Alaska Plan Rules, Shown as Amendments to Rules As Revised in FCC 16-33

April 13, 2016

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PART 54—UNIVERSAL SERVICE

Subpart B—Services Designated for Support

§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) 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 paragraph (a) of this section.

Subpart D—Universal Service Support for High Cost Areas

* * * * *

§54.305 Sale or transfer of exchanges.

- (a) The provisions of this section shall not be used to determine support for any price cap incumbent local exchange carrier or a rate-of-return carrier, as that term is defined in §54.5, that is affiliated with a price cap incumbent local exchange carrier.
- (b) Beginning January 1, 2012, any carrier subject to the provisions of this paragraph shall receive support pursuant to this paragraph or support based on the actual costs of the acquired exchanges, whichever is less. Except as provided in paragraph (c) of this section, a carrier that acquires telephone exchanges from an unaffiliated carrier shall receive universal service support for the acquired exchanges at the same per-line support levels for which those exchanges were eligible prior to the transfer of the exchanges. If the acquired exchanges are incorporated into an existing rural incumbent local exchange carrier study area, the rural incumbent local exchange carrier shall maintain the costs associated with the acquired exchanges separate from the costs associated with its pre-acquisition study area. The transferred exchanges may be eligible for safety valve support for loop related costs pursuant to paragraph (d) of this section.
- (c) A carrier that has entered into a binding agreement to buy or acquire exchanges from an unaffiliated carrier prior to May 7, 1997 will receive universal service support for the newly acquired lines based upon the average cost of all of its lines, both those newly acquired and those it had prior to execution of the sales agreement.
- (d) Transferred exchanges in study areas operated by rural telephone companies that are subject to the limitations on loop-related universal service support in paragraph (b) of this section may be eligible for a safety valve loop cost expense adjustment based on the difference between the rural incumbent local exchange carrier's index year expense adjustment and subsequent year loop cost expense adjustments for the acquired exchanges. Safety valve loop cost expense adjustments shall only be available to rural incumbent local exchange carriers that, in the absence of restrictions on high-cost loop support in paragraph (b) of this section, would qualify for high-cost loop support for the acquired exchanges under §54.1310.
 - (1) For carriers that buy or acquire telephone exchanges on or after January 10, 2005, from an unaffiliated carrier, the index year expense adjustment for the acquiring carrier's first year of operation shall equal the selling carrier's loop-related expense adjustment for the transferred exchanges for the 12-month period prior to the transfer of the exchanges. At the acquiring carrier's option, the first year of operation for the transferred exchanges, for purposes of calculating safety valve support, shall commence at the beginning of either the first calendar year or the next calendar quarter following the transfer of exchanges. For the first year of operation, a loop cost expense adjustment, using the costs of the acquired exchanges submitted in accordance with §§54.1305 and 54.1306, shall be calculated pursuant to §54.1310 and then compared to the index year expense adjustment. Safety valve support for the first period of operation will then be calculated pursuant to paragraph (d)(3) of this section. The index year expense adjustment for years after the first year of operation shall be determined using cost data for the first year of operation of the transferred exchanges. Such cost data for the first year of operation shall be calculated in accordance with §§54.1305, 54.1306, and 54.1310. For each year, ending on the same calendar quarter as the first year of operation, a loop cost expense adjustment, using the loop costs of the acquired exchanges, shall be submitted and calculated pursuant to §§54.1305, 54.1306, and 54.1310 and will be compared to the index year expense adjustment. Safety valve

support for the second year of operation and thereafter will then be calculated pursuant to paragraph (d)(3) of this section.

- (2) For carriers that bought or acquired exchanges from an unaffiliated carrier before January 10, 2005, and are not subject to the exception in paragraph (c) of this section, the index year expense adjustment for acquired exchange(s) shall be equal to the rural incumbent local exchange carrier's high-cost loop expense adjustment for the acquired exchanges calculated for the carrier's first year of operation of the acquired exchange(s). At the carrier's option, the first year of operation of the transferred exchanges shall commence at the beginning of either the first calendar year or the next calendar quarter following the transfer of exchanges. The index year expense adjustment shall be determined using cost data for the acquired exchange(s) submitted in accordance with §§54.1305 and 54.1306 and shall be calculated in accordance with §54.1310. The index year expense adjustment for rural telephone companies that have operated exchanges subject to this section for more than a full year on August 8, 2014 shall be based on loop cost data submitted in accordance with §54.1306 for the year ending on the nearest calendar quarter following August 8, 2014. For each subsequent year, ending on the same calendar quarter as the index year, a loop cost expense adjustment, using the costs of the acquired exchanges, will be calculated pursuant to §54.1310 and will be compared to the index year expense adjustment. Safety valve support is calculated pursuant to paragraph (d)(3) of this section.
- (3) Up to fifty (50) percent of any positive difference between the transferred exchanges loop cost expense adjustment and the index year expense adjustment will be designated as the transferred exchange's safety valve loop cost expense adjustment and will be available in addition to the per-line loop-related support transferred from the selling carrier to the acquiring carrier pursuant to paragraph (b) of this section. In no event shall a study area's safety valve loop cost expense adjustment exceed the difference between the carrier's study area loop cost expense adjustment calculated pursuant to §54.1310 and transferred support amounts available to the acquired exchange(s) under paragraph (b) of this section. Safety valve support shall not transfer with acquired exchanges.
- (e) The sum of the safety valve loop cost expense adjustment for all eligible study areas operated by rural telephone companies shall not exceed five (5) percent of the total rural incumbent local exchange carrier portion of the annual nationwide loop cost expense adjustment calculated pursuant to §54.1302. The five (5) percent cap on the safety valve mechanism shall be based on the lesser of the rural incumbent local exchange carrier portion of the annual nationwide loop cost expense adjustment calculated pursuant to §54.1302 or the sum of rural incumbent local exchange carrier expense adjustments calculated pursuant to §54.1310. The percentage multiplier used to derive study area safety valve loop cost expense adjustments for rural telephone companies shall be the lesser of fifty (50) percent or a percentage calculated to produce the maximum total safety valve loop cost expense adjustment for all eligible study areas pursuant to this paragraph. The safety valve loop cost expense adjustment of an individual rural incumbent local exchange carrier also may be further reduced as described in paragraph (d)(3) of this section.
- (f) Once an acquisition is complete, the acquiring rural incumbent local exchange carrier shall provide written notice to the Administrator that it has acquired access lines that may be eligible for safety valve support. Rural telephone companies also shall provide written notice to the Administrator defining their

index year for those years after the first year of operation for purposes of calculating the safety valve loop cost expense adjustment.

(g)(1) Notwithstanding any other provisions of this or other sections in this Part, to the extent an Alaska Infrastructure Fund Participant (as defined in §54.306) or Remote Alaska Mobile Infrastructure Plan Participant (as defined in §54.317) 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.

(2) To the extent another eligible telecommunications carrier that is not an Alaska Infrastructure Fund Participant or Remote Alaska Mobile Infrastructure Plan Participant transfers some or all of its customers to an Alaska Infrastructure Fund Participant or Remote Alaska Mobile Infrastructure Plan Participant, the recipient carrier may receive support for those customers, consistent with the Alaska Infrastructure Fund or Remote Alaska Mobile Infrastructure Plan, as if those customers' lines had been reported in service by the Participant as of December 31, 2011. The recipient carrier may not receive additional support for those customers, above the amount received for these customers prior to the transfer, unless funds are available as described in §54.317(g).

§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 paragraph (c) of this section, for services described in §54.101(c) or (2) \$3000 annually for each line reported in service 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 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]. If performance requirements in the plan are not achieved, the carrier shall be subject to the compliance and recordkeeping requirements of §54.320(d). The Wireline Competition Bureau is delegated the authority to specify a process to elect to participate in the Alaska Infrastructure Fund, to submit performance plans and to approve such plans.

(c) Beginning October 1, 2016, and continuing until September 30, 2026, each Alaska Infrastructure Fund Participant shall receive monthly Alaska Infrastructure Fund Support in an amount equal to:

(1) one-twelfth (1/12) of the amount of Interstate Common Line Support disbursed to that carrier for 2011, less any reduction made to that carrier's support in 2012 pursuant to the corporate operations expense limit in effect in 2012, and without regard to prior period adjustments related to years other than 2011 and as determined by USAC on January 31, 2012; plus

(2) one-twelfth (1/12) of the total expense adjustment (high cost loop support) 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.

(d) Alaska Infrastructure Fund Budget Maintenance. The difference between the amount of high-cost support provided annually to Alaska Infrastructure Fund Participants pursuant to paragraph (c) and the total amount of high-cost support that those carriers received in 2015, without regard to prior period adjustments related to years other than 2015, shall be funded from the amount of support not paid to competitive eligible telecommunications carriers pursuant to §54.317(g) of this subpart.

(e) Each rate-of-return carrier may exercise its option in paragraph (a) of this section for its entire study area, independent of the choices made by any of its affiliates, fixed or mobile.

§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.~~

~~(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.~~

(a)-(d) [Reserved.]

(e) *Support Beginning January 1, 2012.* Competitive eligible telecommunications carriers will, beginning January 1, 2012, receive support based on the methodology described in this paragraph ~~and not based on paragraph (a) of this section.~~ Beginning October 1, 2016, support for all competitive eligible telecommunications carriers in Alaska is governed by the Remote Alaska Mobile Infrastructure Plan described in rule 54.317.

(1) Baseline Support Amount. Each competitive eligible ~~telecommunication~~telecommunications 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 ~~telecommunication~~telecommunications 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 ~~telecommunication~~telecommunications 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) and (f) 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 July 1, 2013, to June 30, 2014, 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 competitive eligible telecommunications carrier 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 20 percent of its monthly baseline support amount each month.

(vi) Beginning July 1, 2016, no competitive eligible telecommunications carrier shall receive universal service support pursuant to this section.

- (3) Delayed Phase Down for Remote Areas in Alaska—~~Certain and Alaska Support Generally. Until September 30, 2016, certain~~ competitive eligible telecommunications carriers serving remote areas in Alaska shall have their support phased down on a later schedule than that described in paragraph (e)(2) of this section. Beginning October 1, 2016, all competitive eligible telecommunications carriers serving remote areas of Alaska may elect to receive support as described in §54.317 (Remote Alaska Mobile Infrastructure Plan), and all competitive eligible telecommunications carriers serving non-remote areas of Alaska shall receive support as described in §54.317.
- (i) Remote Areas in Alaska. For the purpose of this paragraph, “remote areas in Alaska” includes all of Alaska except;
- (A) The ACS-Anchorage incumbent study area;
 - (B) The ACS-Juneau incumbent study area;
 - (C) The fairbankszone1 disaggregation zone in the ACS-Fairbanks incumbent study area; and
 - (D) The Chugiak 1 and 2 and Eagle River 1 and 2 disaggregation zones of the MatanuskaMatanuska Telephone Association incumbent study area.
- (ii) Carriers Subject to Delayed Phase Down. 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 it serves remote areas in Alaska, and it certified that it served covered locations in its September 30, 2011, filing of line counts with the Administrator. To the extent 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 until September 30, 2016, and then will be subject to the Remote Alaska Mobile Infrastructure Plan described in §54.317.
- (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 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, 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) 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, 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 (e)(3)(v)(A) of this section.
- (A) Cap Amount. 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, 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) 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.

§54.308 Broadband public interest obligations for recipients of high-cost support.

(a) Rate-of-return carrier recipients of high-cost support are required to offer broadband service, at speeds described below, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, at rates that are reasonably comparable to rates for comparable offerings in urban areas. For purposes of determining reasonable comparability of rates, recipients are presumed to meet this requirement if they offer rates at or below the applicable benchmark to be announced annually by public notice issued by the Wireline Competition Bureau.

(1) Carriers that elect to receive Connect America Fund-Alternative Connect America Cost Model (CAF-ACAM) support pursuant to §54.311 are required to offer broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream to a defined number of locations as specified by public notice, with a minimum usage allowance of 150 GB per month, subject to the requirement that usage allowances remain consistent with median usage in the United States over the course of the ten-year term. In addition, such carriers must offer other speeds to subsets of locations, as specified below:

(i) *Fully Funded Locations.* Fully funded locations are those locations identified by the Alternative-Connect America Cost Model (A-CAM) where the average cost is above the funding benchmark and at or below the funding cap. Carriers are required to offer broadband speeds to locations that are fully funded, as specified by public notice at the time of authorization, as follows:

(A) Carriers with a state-level density of more than 10 housing units per square mile, as specified by public notice at the time of election, are required to offer broadband speeds of at least 25 Mbps downstream/3 Mbps upstream to 75 percent of all fully funded locations in the state by the end of the ten-year period.

(B) Carriers with a state-level density of 10 or fewer, but more than five, housing units per square mile, as specified by public notice at the time of election, are required to offer broadband speeds of at least 25 Mbps downstream/3 Mbps upstream to 50 percent of fully funded locations in the state by the end of the ten-year period.

(C) Carriers with a state-level density of five or fewer housing units per square mile, as specified by public notice at the time of election, are required to offer broadband speeds of at least 25 Mbps downstream/3 Mbps upstream to 25 percent of fully funded locations in the state by the end of the ten-year period.

(ii) *Capped Locations.* Capped locations are those locations in census blocks for which A-CAM calculates an average cost per location above the funding cap. Carriers are required to offer broadband speeds to locations that are receiving capped support, as specified by public notice at the time of authorization, as follows:

(A) Carriers with a state-level density of more than 10 housing units per square mile, as specified by public notice at the time of election, are required to offer broadband speeds of at least 4 Mbps downstream/1 Mbps upstream to 50 percent of all capped locations in the state by the end of the ten-year period.

(B) Carriers with a state-level density of 10 or fewer housing units per square mile, as specified by public notice at the time of election, are required to offer broadband speeds of at least 4 Mbps downstream/1 Mbps upstream to 25 percent of capped locations in the state by the end of the ten-year period.

(C) Carriers shall provide to all other capped locations, upon reasonable request, broadband at actual speeds of at least 4 Mbps downstream/1 Mbps upstream.

(2) Rate-of-return recipients of Connect America Fund Broadband Loop Support (CAF BLS) shall be required to offer broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, over a five-year period, to a defined number of unserved locations as specified by public notice, as determined by the following methodology:

(i) Each rate-of-return carrier is required to target a defined percentage of its five-year forecasted CAF-BLS support to the deployment of broadband service to locations that are unserved with 10 Mbps downstream/1 Mbps upstream broadband service as follows:

(A) Rate-of-return carriers with less than 20 percent deployment of 10/1 Mbps broadband service in their study areas, as determined by the Wireline Competition Bureau, will be required to utilize 35 percent of their five-year forecasted CAF-BLS support to extend broadband service where it is currently lacking.

(B) Rate-of-return carriers with more than 20 percent but less than 40 percent deployment of 10/1 Mbps broadband service in their study areas, as determined by the Wireline Competition Bureau, will be required to utilize 25 percent of their five-year forecasted CAF-BLS support to extend broadband service where it is currently lacking.

(C) Rate-of-return carriers with more than 40 percent but less than 80 percent deployment of 10/1 Mbps broadband service in their study areas, as determined by the Wireline Competition Bureau, will be required to utilize 20 percent of their five-year forecasted CAF-BLS support to extend broadband service where it is currently lacking.

(ii) The deployment obligation shall be determined by dividing the amount of support set forth in (i) by a cost per location figure based on one of two methodologies, at the carrier's election:

(A) The higher of (1) the weighted average unseparated cost per loop for carriers of similar density that offer 10/1 Mbps or better broadband service to at least 95 percent of locations, based on the most current FCC Form 477 data as determined by the Wireline Competition Bureau, but excluding carriers subject to the current \$250 per line per month cap set forth in §54.302 and carriers subject to limitations on operating expenses set forth in §54.303, or (2) 150% of the weighted average of the cost per loop for carriers of similar density, but excluding carriers subject to the current \$250 per line per month cap set forth in §54.302 and carriers subject to limitations on operating expenses set forth in §54.303, with a similar level of deployment of 10/1 Mbps or better broadband based on the most current FCC Form 477 data, as determined by Wireline Competition Bureau; or

(B) The average cost per location for census blocks lacking 10/1 Mbps broadband service in the carrier's study area as determined by the A-CAM.

(iii) Restrictions on Deployment Obligations.

(A) No rate-of-return carrier shall deploy terrestrial wireline technology in any census block if doing so would result in total support per line in the study area to exceed the \$250 per-line per-month cap in §54.302.

(B) No rate-of-return carrier shall deploy terrestrial wireline technology to unserved locations to meet this obligation if that would exceed the \$10,000 per location/per project capital investment allowance set forth in §54.303.

(iv) Future Deployment Obligations. Prior to publishing the deployment obligations for subsequent five-year periods, the Administrator shall update the unseparated average cost per loop amounts for carriers with 95 percent or greater deployment of the then-current standard, based on the then-current NECA cost data, and the Wireline Competition Bureau shall examine the density groupings and make any necessary adjustments based on then-current U.S. Census data. [↔](#)

[\(b\) Alaska Infrastructure Fund Participants' specific obligations shall be governed by the terms of their Performance Plans as described in §54.306\(b\) rather than by the terms of paragraph \(a\).](#)

[\(c\) Rate-of-return carrier recipients of high-cost support are required upon reasonable request to bid on category one telecommunications and Internet access services in response to a posted FCC Form 470 seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries \(as described in §54.501\) within that carrier's service area. Such bids must be at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings.](#)

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§54.311 Connect America Fund Alternative-Connect America Cost Model Support.

(a) *Voluntary Election of Model-Based Support.* A rate-of-return carrier (as that term is defined in §54.5) receiving support pursuant to subparts K or M of this part shall have the opportunity to voluntarily elect, on a state-level basis, to receive Connect America Fund-Alternative Connect America Cost Model (CAF-ACAM) support as calculated by the Alternative-Connect America Cost Model (A-CAM) adopted by the Commission in lieu of support calculated pursuant to subparts K or M of this part. Any rate-of-return carrier not electing support pursuant to this section shall continue to receive support calculated pursuant to those mechanisms as specified in Commission rules for high-cost support [or pursuant to the Alaska Infrastructure Fund, as appropriate.](#)

(b) *Geographic areas eligible for support.* CAF-ACAM model-based support will be made available for a specific number of locations in census blocks identified as eligible for each carrier by public notice. The eligible areas and number of locations for each state identified by the public notice shall not change during the term of support identified in paragraph (c) of this section.

(c) *Term of support.* CAF-ACAM model-based support shall be provided to the carriers that elect to make a state-level commitment for a term that extends until December 31, 2026.

(d) *Interim deployment milestones.* Recipients of CAF-ACAM model-based support must complete deployment to 40 percent of fully funded locations by the end of 2020, to 50 percent of fully funded locations by the end of 2021, to 60 percent of fully funded locations by the end of 2022, to 70 percent of fully funded locations by the end of 2023, to 80 percent of fully funded locations by the end of 2024, to 90 percent of fully funded locations by the end of 2025, and to 100 percent of fully funded locations

by the end of 2026. By the end of 2026, carriers must complete deployment of broadband meeting a standard of at least 25 Mbps downstream/3 Mbps upstream to the requisite number of locations specified in §54.308(a)(1)(i)-(iii). Compliance shall be determined based on the total number of fully funded locations in a state. Carriers that complete deployment to at least 95 percent of the requisite number of locations will be deemed to be in compliance with their deployment obligations. The remaining locations that receive capped support are subject to the standard specified in §54.308(a)(1)(iv).

(e) *Transition to CAF-ACAM Support.* Carriers electing CAF-ACAM model-based support whose final model-based support is less than the carrier's high-cost loop support and interstate common line support disbursements for 2015, will transition to model-based support as follows:

- (1) If the difference between a carrier's model-based support and its 2015 high-cost support, as determined in paragraph (e)(4) of this section, is 10 percent or less, it will receive, in addition to model-based support, 50 percent of that difference in year one, and then will receive model support in years two through ten.
- (2) If the difference between a carrier's model-based support and its 2015 high-cost support, as determined in paragraph (e)(4) of this section, is 25 percent or less, but more than 10 percent, it will receive, in addition to model-based support, an additional transition payment for up to four years, and then will receive model support in years five through ten. The transition payments will be phased-down 20 percent per year, provided that each phase-down amount is at least five percent of the total 2015 high-cost support amount. If 20 percent of the difference between a carrier's model-based support and its 2015 high-cost support is less than five percent of the total 2015 high-cost support amount, the transition payments will be phased-down five percent of the total 2015 high-cost support amount each year.
- (3) If the difference between a carrier's model-based support and its 2015 high-cost support, as determined in paragraph (e)(4) of this section, is more than 25 percent, it will receive, in addition to model-based support, an additional transition payment for up to nine years, and then will receive model support in year ten. The transition payments will be phased-down ten percent per year, provided that each phase-down amount is at least five percent of the total 2015 high-cost support amount. If ten percent of the difference between a carrier's model-based support and its 2015 high-cost support is less than five percent of the total 2015 high-cost support amount, the transition payments will be phased-down five percent of the total 2015 high-cost support amount each year.
- (4) The carrier's 2015 support for purposes of the calculation of transition payments is the amount of high-cost loop support and interstate common line support disbursed to the carrier for 2015 without regard to prior period adjustments related to years other than 2015, as determined by the Administrator as of January 31, 2016 and publicly announced prior to the election period for the voluntary path to the model.

§54.313 Annual reporting requirements for high-cost recipients.

(a) Any recipient of high-cost support shall provide the following, with the information and data required by paragraphs (a)(1) through (7) of this section separately broken out for both voice service and broadband service:

- (1) [reserved]
- (2) Detailed information on any outage in the prior calendar year, as that term is defined in 47 CFR 4.5, of at least 30 minutes in duration for each service area in which an eligible telecommunications carrier is designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect
 - (i) At least ten percent of the end users served in a designated service area; or
 - (ii) A 911 special facility, as defined in 47 CFR 4.5(e).
 - (iii) Specifically, the eligible telecommunications carrier's annual report must include information detailing:
 - (A) The date and time of onset of the outage;
 - (B) A brief description of the outage and its resolution;
 - (C) The particular services affected;
 - (D) The geographic areas affected by the outage;
 - (E) Steps taken to prevent a similar situation in the future; and
 - (F) The number of customers affected.
- (3) The number of requests for service from potential customers within the recipient's service areas that were unfulfilled during the prior calendar year. The carrier shall also detail how it attempted to provide service to those potential customers;
- (4) The number of complaints per 1,000 connections (fixed or mobile) in the prior calendar year;
- (5) Certification that it is complying with applicable service quality standards and consumer protection rules;
- (6) Certification that the carrier is able to function in emergency situations as set forth in §54.202(a)(2);
- (7) The company's price offerings in a format as specified by the Wireline Competition Bureau;
- (8) The recipient's holding company, operating companies, affiliates, and any branding (a "dba," or "doing-business-as company" or brand designation), as well as universal service identifiers for each such entity by Study Area Codes, as that term is used by the Administrator. For purposes of this paragraph, "affiliates" has the meaning set forth in section 3(2) of the Communications Act of 1934, as amended;
- (9) *Beginning July 1, 2013.* To the extent the recipient serves Tribal lands, documents or information demonstrating that the ETC had discussions with Tribal governments that, at a minimum, included:
 - (i) A needs assessment and deployment planning with a focus on Tribal community anchor institutions;
 - (ii) Feasibility and sustainability planning;
 - (iii) Marketing services in a culturally sensitive manner;
 - (iv) Rights of way processes, land use permitting, facilities siting, environmental and cultural preservation review processes; and

- (v) Compliance with Tribal business and licensing requirements. Tribal business and licensing requirements include business practice licenses that Tribal and non-Tribal business entities, whether located on or off Tribal lands, must obtain upon application to the relevant Tribal government office or division to conduct any business or trade, or deliver any goods or services to the Tribes, Tribal members, or Tribal lands. These include certificates of public convenience and necessity, Tribal business licenses, master licenses, and other related forms of Tribal government licensure.
- (10) *Beginning July 1, 2013.* A certification that the pricing of the company's voice services is no more than two standard deviations above the applicable national average urban rate for voice service, as specified in the most recent public notice issued by the Wireline Competition Bureau and Wireless Telecommunications Bureau; and
- (11) *Beginning July 1, 2013.* The results of network performance tests pursuant to the methodology and in the format determined by the Wireline Competition Bureau, Wireless Telecommunications Bureau, and Office of Engineering and Technology.
- (12) A certification that the pricing of a service that meets the Commission's broadband public interest obligations is no more than the applicable benchmark to be announced annually in a public notice issued by the Wireline Competition Bureau, or is no more than the non-promotional price charged for a comparable fixed wireline service in urban areas in the states or U.S. Territories where the eligible telecommunications carrier receives support-, [or is consistent with obligations as set forth in the carrier's individually negotiated performance plan.](#)
- (b) In addition to the information and certifications in paragraph (a) of this section:
- (1) Any recipient of incremental Connect America Phase I support pursuant to §54.312(b) and (c) shall provide:
- (i) In its next annual report due after two years after filing a notice of acceptance of funding pursuant to §54.312(b) and (c), a certification that the company has deployed to no fewer than two-thirds of the required number of locations; and
- (ii) In its next annual report due after three years after filing a notice of acceptance of funding pursuant to §54.312(b) and (c), a certification that the company has deployed to all required locations and that it is offering broadband service of at least 4 Mbps downstream and 1 Mbps upstream, with latency sufficiently low to enable the use of real-time communications, including Voice over Internet Protocol, and with usage allowances, if any, associated with a specified price for a service offering that are reasonably comparable to comparable offerings in urban areas.
- (2) In addition to the information and certifications required in paragraph (b)(1) of this section, any recipient of incremental Connect America Phase I support pursuant to §54.312(c) shall provide:
- (i) In its annual reports due after one, two, and three years after filing a notice of acceptance of funding pursuant to §54.312(c), a certification that, to the best of the recipient's knowledge, the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1 Mbps; and

- (ii) In its annual reports due after one, two, and three years after filing a notice of acceptance of funding pursuant to §54.312(c), a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent.
- (c) In addition to the information and certifications in paragraph (a) of this section, price cap carriers that receive frozen high-cost support pursuant to §54.312(a) shall provide:
 - (1) *By July 1, 2013.* A certification that frozen high-cost support the company received in 2012 was used consistent with the goal of achieving universal availability of voice and broadband;
 - (2) *By July 1, 2014.* A certification that at least one-third of the frozen-high cost support the company received in 2013 was used to build and operate broadband-capable networks used to offer the provider's own retail broadband service in areas substantially unserved by an unsubsidized competitor;
 - (3) *By July 1, 2015.* A certification that at least two-thirds of the frozen-high cost support the company received in 2014 was used to build and operate broadband-capable networks used to offer the provider's own retail broadband service in areas substantially unserved by an unsubsidized competitor; and
 - (4) *By July 1, 2016 and in subsequent years.* A certification that all frozen-high cost support the company received in the previous year was used to build and operate broadband-capable networks used to offer the provider's own retail broadband service in areas substantially unserved by an unsubsidized competitor.
- (d) In addition to the information and certifications in paragraph (a) of this section, beginning July 1, 2013, price cap carriers receiving high-cost support to offset reductions in access charges shall provide a certification that the support received pursuant to §54.304 in the prior calendar year was used to build and operate broadband-capable networks used to offer provider's own retail service in areas substantially unserved by an unsubsidized competitor.
- (e) In addition to the information and certifications in paragraph (a) of this section, any price cap carrier that elects to receive Connect America Phase II model-based support shall provide:
 - (1) On July 1, 2016, a list of the geocoded locations already meeting the §54.309 public interest obligations at the end of calendar year 2015, and the total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2015.
 - (2) On July 1, 2017, and every year thereafter ending July 1, 2021, the following information:
 - (i) [reserved]
 - (ii) The number, names, and addresses of community anchor institutions to which the eligible telecommunications carrier newly began providing access to broadband service in the preceding calendar year;
 - (iii) [reserved]
 - (iv) The total amount of Phase II support, if any, the price cap carrier used for capital expenditures in the previous calendar year; and

- (v) A certification that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries (as described in §54.501) located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings.
- (f) In addition to the information and certifications in paragraph (a) of this section, any rate-of-return carrier shall provide:
- (1) *Beginning July 1, 2015 and Every Year Thereafter.* The following information:
 - (i) A certification that it is taking reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas as determined in an annual survey, and that requests for such service are met within a reasonable amount of time.
 - (ii) The number, names, and addresses of community anchor institutions to which the ETC newly began providing access to broadband service in the preceding calendar year; and
 - (iii) A certification that it bid on category one telecommunications and Internet access services in response to all reasonable requests in posted FCC Form 470s seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries (as described in §54.501) within its service area, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings.
 - (2) *Privately held rate-of-return carriers only.* A full and complete annual report of the company's financial condition and operations as of the end of the preceding fiscal year.
 - (i) Recipients of loans from the Rural Utility Service (RUS) shall provide copies of their RUS Operating Report for Telecommunications Borrowers as filed with the RUS. Such carriers must make their underlying audit and related workpapers and financial information available upon request by the Commission, USAC, or the relevant state commission, relevant authority in a U.S. Territory, or Tribal government, as appropriate.
 - (ii) All privately held rate-of-return carriers that are not recipients of loans from the RUS and whose financial statements are audited in the ordinary course of business must provide either: A copy of their audited financial statement; or a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, accompanied by a copy of a management letter issued by the independent certified public accountant that performed the company's financial audit. A carrier choosing the latter option must make its audit and related workpapers and financial information available upon request by the Commission, USAC, or the relevant state commission, relevant authority in a U.S. Territory, or Tribal government, as appropriate.
 - (iii) All other privately held rate-of-return carriers must provide either: A copy of their financial statement which has been subject to review by an independent certified public accountant; or a

financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, with the underlying information subjected to a review by an independent certified public accountant and accompanied by an officer certification that: The carrier was not audited in the ordinary course of business for the preceding fiscal year; and that the reported data are accurate. If the carrier elects the second option, it must make the review and related workpapers and financial information available upon request by the Commission, USAC, or the relevant state commission, relevant authority in a U.S. Territory, or Tribal government, as appropriate.

(g) *Areas with No Terrestrial Backhaul.* Carriers without access to terrestrial backhaul that are compelled to rely exclusively on satellite backhaul in their study area must certify annually that no terrestrial backhaul options exist. Any such funding recipients must certify they offer broadband service at actual speeds of at least 1 Mbps downstream and 256 kbps upstream within the supported area served by satellite middle-mile facilities. To the extent that new terrestrial backhaul facilities are constructed, or existing facilities improve sufficiently to meet the relevant speed, latency and capacity requirements then in effect for broadband service supported by the CAF, within twelve months of the new backhaul facilities becoming commercially available, funding recipients must provide the certifications required in paragraphs (e) or (f) of this section in full. Carriers subject to this paragraph must comply with all other requirements set forth in the remaining paragraphs of this section. [These obligations may be modified by individually negotiated performance plans for Alaska Infrastructure Fund and Remote Alaska Mobile Infrastructure Plan participants.](#)

(h) *Additional voice rate data.*

(1) All incumbent local exchange carrier recipients of high-cost support must report all of their rates for residential local service for all portions of their service area, as well as state fees as defined pursuant to §54.318(e), to the extent the sum of those rates and fees are below the rate floor as defined in §54.318, and the number of lines for each rate specified. Carriers shall report lines and rates in effect as of June 1.

(2) In addition to the annual filing, local exchange carriers may file updates of their rates for residential local service, as well as state fees as defined pursuant to §54.318(e), on January 2 of each year. If a local exchange carrier reduces its rates and the sum of the reduced rates and state fees are below the rate floor as defined in §54.318, the local exchange carrier shall file such an update. For the update, carriers shall report lines and rates in effect as of December 1.

(i) All reports pursuant to this section shall be filed with the Office of the Secretary of the Commission clearly referencing WC Docket No. 14-58, with the Administrator, and with the relevant state commissions or relevant authority in a U.S. Territory, or Tribal governments, as appropriate.

(j) *Filing deadlines.*

(1) In order for a recipient of high-cost support to continue to receive support for the following calendar year, or retain its eligible telecommunications carrier designation, it must submit the annual reporting information required by this section annually by July 1 of each year. Eligible telecommunications carriers that file their reports after the July 1 deadline shall receive a reduction in support pursuant to the following schedule:

- (i) An eligible telecommunications carrier that files after the July 1 deadline, but by July 8, will have its support reduced in an amount equivalent to seven days in support;
 - (ii) An eligible telecommunications carrier that files on or after July 9 will have its support reduced on a pro-rata daily basis equivalent to the period of non-compliance, plus the minimum seven-day reduction.
- (2) Grace period. An eligible telecommunications carrier that submits the annual reporting information required by this section after July 1 but before July 5 will not receive a reduction in support if the eligible telecommunications carrier and its holding company, operating companies, and affiliates as reported pursuant to paragraph (a)(8) of this section have not missed the July 1 deadline in any prior year.
- (k) This section does not apply to recipients that solely receive support from the Phase I Mobility Fund.

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§54.317 Remote Alaska Mobile Infrastructure Plan.

- (a) Separate Plan for Alaska. Subject to the requirements of this section, certain competitive eligible telecommunications carriers serving remote areas in Alaska as defined in §54.307(e)(3)(i) shall have a one-time option to elect to participate in the Remote Alaska Mobile Infrastructure Plan. Carriers exercising this option shall have their support frozen for a period of ten years, commencing on October 1, 2016, rather than phased down as described in §54.307. 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 (g)(4) of this section.
- (b) Carriers Eligible for Frozen Support. A competitive eligible telecommunications carrier shall be eligible for frozen support pursuant to the Remote Alaska Mobile Infrastructure Plan if 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.
- (c) Interim Support for Remote Areas in Alaska. From January 1, 2012, until September 30, 2016, competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska described in §54.307(e)(3) shall receive support as calculated in §54.307(e)(3)(v).
- (d) Frozen Support beginning October 1, 2016. Beginning October 1, 2016, and continuing until September 30, 2026, each competitive eligible telecommunications carrier eligible for frozen support pursuant to the Remote Alaska Mobile Infrastructure Plan shall receive the annualized monthly support amount it received for December 2014, and shall no longer be required to file line counts.
- (e) 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.
- (f) Performance Obligations. In order to receive frozen support, a carrier eligible for frozen support must submit a performance plan to the Wireless Telecommunications 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 (e) of this section and the guidelines set forth by the Commission in [the Alaska Plan Order]. If performance requirements in the plan are not achieved, the carrier shall be subject to the compliance and recordkeeping requirements of §54.320(d). The Wireless Telecommunications Bureau is delegated the authority to specify a process to elect to participate in the Remote Alaska Mobile Infrastructure Plan, to submit such plans and to approve such plans.

(g) Support for Unserved Remote Alaska Areas and Phase-Out of Other Alaska CETC High Cost Support. Notwithstanding §54.307, support distributed on or after October 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 section, shall be governed by this paragraph.

(1) For the twelve month period starting on October 1, 2016, and ending on September 30, 2017, each of these carriers shall receive two-thirds of the monthly support amount the carrier received for December 2014, for the relevant study area.

(2) For the twelve month period starting on October 1, 2017, and ending on September 30, 2018, each of these carriers shall receive one-third percent of the monthly support amount the carrier received for December 2014, for the relevant study area.

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

(4) Support that would have been distributed to these carriers but for this paragraph (g) of this section, less

(A) the amounts provided in transition support pursuant to subparagraphs (g)(1) and (g)(2),

(B) the amount provided to Alaska Infrastructure Fund Participants representing the difference between their 2015 and 2011 high-cost funding levels pursuant to §54.306(d) of this subpart, and

(C) any amount needed pursuant to §54.305(g) to support newly acquired customers, to the extent available,

shall be available to be distributed to competitive eligible telecommunications carriers through the Remote Alaska Mobile Infrastructure Plan to support their deployment of mobile service to remote areas of Alaska that are without commercial mobile radio service as of October 1, 2016. This support shall be distributed by the Commission using a reverse auction, with performance obligations established at the time of such auction.

(h) A competitive eligible telecommunications carrier may exercise its option in paragraph (a) of this section independently of the choices made by any of its affiliates, fixed or mobile.

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Subpart M—High Cost Loop Support for Rate-of-Return Carriers

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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 paragraph \(b\) of this section](#), 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 October 1, 2016, and each calendar year thereafter until September 30, 2026, 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 less the amount of expense adjustments paid to Alaska Infrastructure Fund Participants from October 1, 2015 to September 30, 2016, multiplied times one plus the Rural Growth Factor calculated pursuant to §54.1303.](#)

(c) 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~~d) 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.