

April 21, 2016

VIA ELECTRONIC FILING

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

Re: Connect America Fund et al., WC Docket Nos. 10-90, 05-337, 14-58, 07-135, WT Docket No. 10-208, and CC Docket No. 01-92

Dear Ms. Dortch:

On Tuesday, April 19, 2016, Leonard Steinberg of Alaska Communications Systems Group, Inc. and Richard Cameron and I met with Amy Bender and Travis Litman, and on Wednesday, April 20, 2016, we met with the following Commission personnel: Stephanie Weiner, Carol Matthey, Alex Minard, Heidi Lankau, Jim Schlichting, Sue McNeil, Chris Helzer, Claire Wack, Peter Trachtenberg, and Matt Warner (by telephone).

The topic of these meetings was the importance of middle mile capacity for delivering broadband communications capability to unserved Alaska – and in particular to Alaska's 188 remote Bush communities. Alaska Communications specifically raised concerns about the terms of access to any middle mile put into service in connection with the pending proposal of the Alaska Telephone Association ("ATA"). Several Alaska maps were used in the meetings.¹

Under ATA's proposal, a significant amount of support – almost two-thirds of the support proposed in the plan or roughly one billion dollars (approximately \$100 million/year for ten years) – would be designated not for Alaska's rate-of-return local exchange carriers ("ROR LECs") but for competitive eligible telecommunications carriers ("CETCs").² Of that roughly

¹ AT&T Alaska Earth Station System Map (available at: http://www.corp.att.com/alaska/regdocs/Alaska_System_Map_LR.pdf); GCI TERRA Map (available at: <http://terra.gci.com/maps-locations/terra-network-overlay-alaska-us>); Connect Alaska Map (available at: http://www.alaska.edu/oit/bbtaskforce/docs/Summit/7THDRAFT_AK_SummitMap_BroadbandandInfrastructure_36x36_July2014_NoInset.pdf).

² See, e.g., Letter from Christine O'Connor, ATA, to Marlene Dortch, FCC Secretary, WC Docket No. 10-90 (filed March 21, 2016), "Alaska Plan Universal Service Support Schedule"

one billion-dollar sum, it is unlikely that more than \$200 million would be needed for last-mile cell site deployment, leaving roughly \$800 million for other uses, including the backhaul (also known as middle mile) required for the deployment and operation of wireless broadband.³ ATA and GCI assert that any such wireless backhaul also will supply necessary middle mile capacity for wireline broadband connectivity in remote partes of Alaska.⁴ However, experience has shown that the Commission must adopt specific and enforceable conditions mandating competitive access to such middle mile capacity under affordable and non-discriminatory rates, terms and conditions in order to justify the substantial support that would be contributed to reduce the net capital cost of those facilities.

Alaska Communications urges the Commission to adopt a reasonable set of safeguards so that any continuation or expansion of CETC support is “used wisely to deliver intended results.”⁵ Specific, defined deployment and operating criteria must be adopted for the use of such “public investments” to ensure accountability from *all* companies receiving high-cost support – not only from the LECs but from CETCs as well.⁶ Such criteria must be a condition of receiving the support both initially and on a continuing basis throughout the proposed ten-year term. Without appropriate conditions, the Commission risks creating new private telecommunications bottleneck facilities to be operated as unregulated monopolies, funded at public expense without public benefit.

Specifically, the Commission’s rules for CETC support should ensure that all broadband telecommunications transport capacity constructed or operated using high-cost support:

1. *Be sufficient* for the provision of high-speed, interactive broadband services, including Broadband Internet Access Service (“BIAS”) and real-time Voice Over Internet Protocol (“VOIP”) Service, meeting the Commission’s minimum criteria for minimum speed to the end-user, minimum end-user usage capacity, and

(attachment) at 1; letter from Christine O’Connor, ATA, to Marlene Dortch, FCC Secretary, WC Docket No. 10-90 (filed Oct. 1, 2015), “Consensus Alaska Plan” (attachment) at 2.

³ See Letter from Karen Brinkmann, Counsel to Alaska Communications, to Marlene Dortch, FCC Secretary, WC Docket Nos. 10-90, 05-337, 14-58, 07-135, WT Docket No. 10-208, and CC Docket No. 01-92 (filed April 18, 2016) at 5.

⁴ *E.g.*, Letter from Christine O’Connor, ATA, to Marlene Dortch, FCC Secretary, WC Docket Nos. 10-90, 05-337, 14-58, 07-135, WT Docket No. 10-208, and CC Docket No. 01-92 (filed Jan. 15, 2016) at 3 (“For both fixed and wireless deployments, providers will continue their impressive improvements to critical middle-mile infrastructure to support both technologies”); Letter from John Nakahata, Counsel to General Communication, Inc. to Marlene Dortch, FCC Secretary, WC Docket Nos. 10-90, 05-337, 14-58, 07-135, WT Docket No. 10-208, and CC Docket No. 01-92 (filed Jan. 14, 2016) at 3 (“GCI’s middle-mile investment proide infrastructure for both GCI’s mobile wireless operations and the local ILEC”).

⁵ *Connect America Fund, et al.*, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 16-33 (rel. March 30, 2016), ¶156.

⁶ *See id.*

- maximum latency (suitable for real-time voice and broadband applications) that is reasonably comparable to offerings in urban areas;
2. *Permit competitive access* by multiple service providers in the same geographic area;
 3. *Be accessible on a reasonably non-discriminatory basis* by multiple competitors as well as affiliates of the support recipient;
 4. *Be reasonably affordable* based on a comparison to prices for comparable services in urban areas.

As the Commission's experience bears out, dollars are fungible, and high-cost support no less so than other funds. It is not enough for the Commission to impose general obligations under Sections 201, 202 and 254 of the Communications Act, such as the broad requirements outlined above. Rather, the Commission's requirements need to be well-defined and easily enforceable, as conditions tied to the receipt of CETC high-cost support. Enforcement of these conditions could include requiring letters of credit, reducing support for failure to deploy or operate in accordance with the conditions, penalties and forfeitures, and disqualification from universal service programs in the future. The Commission has adopted a similar range of enforcement mechanisms for other Connect America Fund support. Alaska Communications intends to submit specific proposed conditions in the coming days.

Accountability, transparency and efficiency are hallmarks of the new universal service regime begun under the 2011 Transformation Order. The Commission should not delay action on the ATA plan, but should incorporate into any CETC support appropriate, specific and enforceable obligations to ensure that the support is used for the greatest benefit of the public.

Please direct any questions concerning this filing to me.

Very truly yours,

/s/

Karen Brinkmann

Counsel to Alaska Communications

cc: Ruth Milkman
Stephanie Weiner
Amy Bender
Nick Degani
Rebekah Goodheart
Travis Litman
Matthew DelNero
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