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August 16, 2001

BY HAND DELIVERY

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX-PARTE LETTER

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street S.W., Room TWB204
Washington, DC 20024

Re: In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45

In the Matter of Policies and Rules Concerning the Interstate, Interexchange Marketplace, CC Docket No. 96-61

In the Matter of Policies and Rules for the Direct Broadcast Satellite Service, IB Docket No. 98-21

Dear Ms. Salas:

This letter is being filed, in duplicate for each of the above-referenced dockets, in accordance with the Commission's Rules, to report that yesterday, August 15, 2001, Marideth Sandler, Associate Director of International Policy, Transportation and Telecommunications, Office of the Governor of the State of Alaska, and I met with Commissioner Abernathy and Matthew Brill and Jason Scism of her Office to summarize the State's position on issues in these dockets. The attached document summarizes the meeting.

With respect to the State's E-rate waiver proposal pending in the Universal Service docket and the DBS matter, the State urged the FCC to take action as quickly as possible.

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In the event there are any questions concerning these matters, please communicate with the undersigned.

Very truly yours,

Robert M. Halperin
Counsel for the State of Alaska

Enclosure

cc: Commissioner Abernathy
Matthew Brill
Jason Scism
Marideth J. Sandler

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STATE OF ALASKA

Meeting with Commissioner Abernathy – August 15, 2001

Background Facts:

Alaska is unique in many ways that make communications services of critical importance to public health, public safety, education, and economic development. At the same time, these unique features make the provision of communications services difficult and extremely costly.

- Alaska covers a vast landmass of 586,400 square miles. Alaska is larger than the next 3 largest states combined and is 488 times the size of the smallest state. If superimposed on the Continental U.S., Alaska would stretch from South Carolina to California and from Mexico to the U.S-Canada border.

- Alaska is isolated from the Continental U.S. It is nearly equidistant from Japan, Europe and Washington, DC. At its closest point, it is only 2.5 miles from Russia and 800 miles from the North Pole.

- Alaska's geography is extreme. It has 5,000 glaciers. Ice fields cover four percent of the State. Much of Alaska is mountainous and Alaska includes the largest mountain in North America.

- Weather conditions are also extreme. Annual precipitation in some areas exceeds 200 inches. Annual snowfalls have been as high as 975 inches (over 81 feet) in some mountain areas. The coldest temperatures in the Nation have been recorded in Alaska – minus 80 degrees. Winds as high as 139 miles per hour have been experienced.

- Alaska has 323 communities. Only one community has more than 100,000 people (Anchorage); only two other communities have more than 10,000 people (Fairbanks and Juneau). Almost 300 communities have fewer than 1,000 people and, of those, 87 – almost a quarter of all Alaskan communities – have fewer than 100 people.

- Alaska's population is about 627,000. Statewide, the population is about one person/square mile. Outside of Anchorage, the population density is about 0.5 person/square mile.

- Roads are scarce. Most communities – including the State capitol of Juneau – are not accessible by road. There are only about 13,000 miles of public roads, of which only 3800 are paved. Alaska, more than twice the size of Texas, has a road system equal in mileage to that of Vermont's. Alaska residents rely on other means of transportation – airplanes and ferries – which are expensive to use and often unavailable due to weather conditions.

Issues of Concern to the State:

The State of Alaska has participated in numerous FCC rulemakings for over twenty years. Its focus, due to the State's unique telecommunications service challenges, has historically been on universal service, and rate integration and geographic rate averaging. However, as technology and public policy have evolved, so have the State's areas of regulatory and advisory involvement, as evidenced below. Currently, Lieutenant Governor Fran Ulmer is a charter member of the FCC's Local and State Government Advisory Committee. Alaska Regulatory Commission Chairman, Nan Thompson, serves on the Universal Service Joint Board. To better understand the State's issues, nearly all of the recent FCC Commissioners have spent time in Alaska to visit its rural Native communities and schools, and to meet with the Alaska telecommunications industry, public officials, and interested citizens.

- **Availability of Internet Access**

    - Alaska trails every other state in broadband access, according to an August 2001 FCC report. As of year-end 2000, 25% of zip codes nationwide were not served by any broadband Internet access provider, but fully 78% of Alaska zip codes were not so served. (The next most underserved state is North Dakota at 60% of zip codes.)

    - Even narrowband Internet access is a problem in most of rural Alaska. According to the State's research, about 75% of Alaskan communities lack local or toll-free dial-up (narrowband) access to the Internet.

    - Possible interim solution: State's E-Rate Rule Waiver Petition.

- **Full Funding of Schools and Libraries and Rural Health Care Provider Universal Service Support Programs**

    - Historically, Alaska has been one of the few States in which the largest portion of schools and libraries funds have gone to the purchase of telecommunications services rather than internal connections. This fact demonstrates the high cost of services and/or the great demand for them.

    - The State has been the largest beneficiary of rural health care support funds because of the number and remoteness of rural health care facilities that lack comprehensive medical staffs.

- **Maintenance of Geographic Rate Averaging and Rate Integration**

    - Congress codified and expanded upon the Commission's geographic rate averaging and rate integration requirements in enacting 47 U.S.C. § 254(g). Nonetheless, these requirements are subject to continuing attack by various carriers.

    - Some have suggested that deaveraging of interstate access rates will promote achievement of rate integration and/or geographic rate averaging. In the State's view,

however, it is critically important that deaveraging of access rates not lead to deaveraged interexchange service rates.

- The application of rate integration and geographic rate averaging to CMRS remains an issue pending before the FCC.

- **Continuation of Adequate Support for Rural Telephone Companies**

  - Some areas of rural Alaska have penetration rates below 40%.

  - Without adequate support for rural telephone companies, basic service rates in Alaska would increase dramatically, as rural Alaskan telcos have per line costs that are among the very highest in the Nation. Recent FCC reports show that statewide Alaska received about $13 per line in USF support. Excluding the Anchorage area (about half of the State's population, which receives no USF support), the amount of support would be equal to about $26 per line. (The next largest amount of support flowing to any other State is about $8.50 per line in Wyoming.)

- **Assuring Availability of Direct Broadcast Services (DBS)**

  - Alaska and Hawaii do not receive service comparable to the service received in other parts of the Nation. Many parts of the State do not receive service at technically acceptable levels. The programming made available in Alaska may be higher priced and/or require more expensive receive antennae than programming sold in the Continental U.S. The FCC needs to resolve pending issues related to its geographic service rules (47 C.F.R. § 100.53):

    - "Those holding DBS permits or licenses as of January 19, 1996 must either: (1) Provide DBS service to Alaska and Hawaii from one or more orbital locations before the expiration of their current authorizations; or (2) Relinquish their western DBS orbital/channel assignments at the following orbital locations: 148° W.L., 157° W.L., 166° W.L., and 175° W.L."

    - "Those acquiring DBS authorizations after January 19, 1996 must provide DBS service to Alaska and Hawaii where such service is technically feasible from the acquired orbital location."

  These issues have been pending for two years in *In re Policies and Rules for the Direct Broadcast Satellite Service,* Notice of Proposed Rulemaking, IB Docket No. 98-21, 13 FCC Rcd 6907 (1998).

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