

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Universal Service Reform	)	WT Docket No. 10-208
	)	
Mobility Fund	)	
_____	)	

**COMMENTS OF THE ALASKA TELEPHONE ASSOCIATION**

The Alaska Telephone Association (“ATA”)<sup>1</sup> appreciates the opportunity to respectfully share our impressions of the proposals put forward in this Notice of Proposed Rulemaking (“NPRM”). As some consumers in our state are among the millions of Americans who “live in communities where current-generation mobile service is unavailable,”<sup>2</sup> we are gratified to be included among the populations of special concern to this Commission. Yet for all its good intentions – and we all know what road is paved with them – these proposals would fail to provide any real benefit to the targeted consumers, while siphoning off precious universal service funds and introducing disorder into the deployment and sustainability of mobile service.

After years of “competitive neutrality” rhetoric which resulted in identical high-cost support for unequal investments and responsibilities, we find the proposal of a Mobility-(only) Fund curious; that said, we certainly support the expansion of advanced mobile wireless

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<sup>1</sup>The Alaska Telephone Association is a trade association comprised of incumbent local exchange carriers, competitive local exchange carriers and interexchange carriers serving the state. Its active members are Adak Telephone Utility; Alaska Power & Telephone Company; Arctic Slope Telephone Association Cooperative; Bristol Bay Telephone Cooperative, Inc.; Bush-Tell, Inc.; Copper Valley Telephone Cooperative, Inc.; Cordova Telephone Cooperative; KPU Telecommunications; Matanuska Telephone Association; Nushagak Cooperative, Inc.; OTZ Telephone Cooperative, Inc.; Summit Telephone Company, Inc.; TelAlaska, Inc.; United Utilities, Inc.; and Yukon Telephone Company, Inc.

<sup>2</sup> At ¶1

services throughout the nation. That expansion into and sustained operations in currently unserved areas can be accomplished with one-time support is unlikely. Even in these dismal economic times, areas wherein a viable business plan exists – where anticipated demand and revenues would sustain operations – funding can be obtained for infrastructure. The debt can be repaid. Granted, the network upgrade might occur sooner with specific funding, but if ongoing operations cannot be supported, a provider will not enter the market or will leave the market having accepted and wasted support that could have been used effectively elsewhere.

High-cost support to individual companies has been capped for ten years. Many of those companies are experiencing a declining revenue stream and forecast a near-term future where operations and services are jeopardized. The current structure of support is unsustainable contrary to section 254 of the 1996 Act.<sup>3</sup> Yet, this NPRM proposes to use *reserves* in the Universal Service Fund for “supporting private investment.”<sup>4</sup> If used as intended it would support universal service and it would be predictable and sufficient. So often we hear, “Universal service is broken!” Yes, it is. Absolutely! The Commission might focus on this aspect – predictability and sufficiency – which is broken and bring it back into compliance with the Act instead of making a one-time infrastructure investment in areas where operations will be unsustainable due to insufficient revenue streams.

With support being proposed for only one entity in each area, we envision situations where customers might be deprived of a choice of providers because of the support. “Third generation,” “3G,” “advanced mobile services” is quite new. This is not antiquated technology and it takes time to be deployed. In densely populated areas the business decision to deploy

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<sup>3</sup> 47 U.S.C. § 254(b)(6), “*There should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.*”

<sup>4</sup> At ¶1

cutting edge technology is easier to make than it is in more rural areas, but that does not mean that consideration of such deployment is not happening. Consideration and deployment are happening in Alaska today, but if one entity was to receive a contribution to revenue unavailable to every other entity considering entry, customers in that area would be unlikely to enjoy *the benefits of competition*. We think this concept was quite thoroughly vetted in previous dockets and in the courts; thus, “competitive neutrality.” Additionally, with only one provider per service area, customers would not have a choice between CDMA and GSM, nor would they necessarily be afforded the opportunity to connect with the world on their preferred device.

In previous comments, like multitudes of other members of industry (and even members of Congress), we have stated our disdain for reverse auctions. It is a way to minimize funding while providing a barely adequate (or less) quality of service. Expanding the magnitude of such service is not a laudable goal.

The source for the Mobility Fund is proposed to be the “reserves accumulated in the Universal Service Fund.”<sup>5</sup> With the Universal Service Administrative Company (“USAC”) proposing an increase in the contribution factor from 12.9% in the fourth quarter of 2010 to 15.5% in the first quarter of 2011 we think the American public will be disinclined to support the idea that there are “reserves” existent. The funds termed “reserves” refer to negotiated amounts from the *Corr Wireless Order*; amounts Verizon Wireless and Sprint Nextel negotiated. With the high-cost universal service fund, and indeed, the entire universal service fund, receiving substantial and often undeserved criticism, any increase to the assessment factor is inflammatory and injudicious. Surely the concept that there are “reserves” will prompt a court challenge.

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<sup>5</sup> At ¶1

The Commission requests comment on its authority to implement the proposals in this NPRM and asks if there might need to be “revisions” to that authority.<sup>6</sup> We believe its authority is insufficient to implement some of the proposals. Although we stand in awe of its audacity, we would not support any expansion of authority.

As residents of the nation’s most rural state, our view of proposed national policy is often different from that of more urban regions. That is hardly surprising. We understand that most policymakers have never experienced such expanse or such small populations and of those that have such experience, it is not a daily awareness as it is with us. The NPRM notes that in advanced mobile services “gaps remain a problem for residents...particularly in rural areas.”<sup>7</sup> We agree. However, a density test<sup>8</sup> for allocation of support would likely favor more populated areas over sparsely settled communities, thus not really addressing the gaps in *rural* areas. The reverse auction method ranking distribution of funds based on lowest per-unit bids<sup>9</sup> would also marginalize rural areas as per-unit amounts will tend to be smaller where population densities are higher. Similarly the use of road-miles as a factor of consideration would probably weigh against an Alaskan entity being a successful applicant as we have far fewer road-miles than a rural state in New England or Appalachia.

The NPRM seeks comment on whether areas that have no mobile wireless service should receive priority over areas that have wireless service, but lack 3G coverage and if so, how to prioritize support.<sup>10</sup> As any mobile communications device offers some level of access to

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<sup>6</sup> At ¶12

<sup>7</sup> At ¶2

<sup>8</sup>“unserved’ areas where significant population density lacked wireless voice service.”at ¶9.

<sup>9</sup> At ¶18

<sup>10</sup> At ¶32.

emergency services, it seems that the public interest is better served by making access to the voice network as widespread as possible rather than by providing a subset of that population the opportunity to communicate through voice and data. Truly unserved areas – areas lacking mobile wireless voice service -- should be accorded special consideration before areas that lack only access to 3G advanced services.

Clearly the proposals in this NPRM have not been offered to benefit Alaskans. Winning bidders would be selected based on the per-unit bid and the number of units to be served.<sup>11</sup> Alaska has neither high density nor large numbers as compared with other regions, so there is little here to generate our enthusiasm and much to cause concern.

It is our position that there are no “reserves” in the high-cost Universal Service Fund and that the Commission does not have the authority to declare that there are such monies. A one-time grant of support will not provide sustainable mobile telecommunications operations in high-cost areas. Reverse auctions to allocate support guarantee, at best, abysmal service, contrary to the reasonably comparable mandate of the 1996 Act. The population density, numbers and per-unit ranking scenarios put forward here weigh heavily against any value for Alaskans. The proposed Mobility Fund would cause only additional media displeasure with the Universal Service Fund and it would add to the high-cost fund even more expenses for which it was not intended.

There are policies in place that support rural high-cost areas and infrastructure; investment and deployment are occurring because of those policies and support mechanisms. Careful modification of successful endeavors is much to be preferred to radical actions that may play havoc with ongoing plans for advanced communications services in rural areas.

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<sup>11</sup> At ¶64.

Respectfully submitted this 16th day of December, 2010.

ALASKA TELEPHONE ASSOCIATION

A handwritten signature in black ink, appearing to read "Jim Rowe", with a long horizontal flourish extending to the right.

By: \_\_\_\_\_

Jim Rowe  
Executive Director