Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Connect America Fund	)	**WC Docket No. 10-90**
	)	
A National Broadband Plan for our Future	)	**GN Docket No. 09-51**
	)	
Establishing Just and Reasonable Rates For Local Exchange Carriers	)	**WC Docket No. 07-135**
	)	
High-Cost Universal Service Support	)	**WC Docket No. 05-337**
	)	
Developing a Unified Intercarrier Compensation Regime	)	**CC Docket No. 01-92**
	)	
Federal-State Joint Board on Universal Service	)	**CC Docket No. 96-45**
	)	
Lifeline and Link-up	)	**WC Docket No. 03-109**

COMMENTS OF THE STATE OF ALASKA

The State of Alaska appreciates the opportunity to file reply comments in response to the Federal Communications Commission's (FCC) 11-13 Notice of Proposed Rule Making and Further Notice of Proposed Rulemaking (NPRM) concerning the Connect America Fund (CAF), Universal Service Fund (USF) issues, and intercarrier compensation (ICC) mechanisms.

The FCC proposes significant changes and reforms to the existing USF intercarrier compensation. Many of these proposed changes and reforms will have significant impact on the delivery of both voice and broadband services in Alaska. Therefore, the State of Alaska supports the full set of comments submitted by the Regulatory Commission of Alaska (RCA). Given Alaska's extreme geographic conditions and other unique challenges detailed by the RCA in their comments, the State of Alaska reiterates that many of the FCC proposed changes will result in reduced levels of voice and broadband services in rural Alaska, not opportunities to expand them.

As proposed, a transition to CAF will not provide the necessary support to maintain existing voice services across Alaska's rural areas, let alone provide the support and catalyst to expand broadband deployment. To achieve the broad goals envisioned by the FCC in the National Broadband Plan through implementation of CAF, Alaska must be afforded access to Tribal Lands exemptions and alternate funding rules and mechanisms. Existing services in rural Alaska will be in jeopardy without continued and uninterrupted federal funding for build out of last mile and middle mile infrastructure. Support of ongoing annual maintenance and operation costs is also vital.

Some of the FCC's proposals, specifically those that would shift some regulatory responsibility from states to the federal government, are not acceptable for the State of Alaska. Of particular importance to Alaska are:

1. Continued extension of Tribal Lands exemption and other waivers or special conditions
2. CAF support for middle mile facilities
3. Changes to existing State/federal regulatory relationship

Continued extension of Tribal Lands exemption and other waivers or special conditions

As detailed in the comments of RCA, Alaska is faced with a full range of challenges unlike those faced by Lower 48 contiguous states. Rural populations in Alaska are separated by vast distances that defy infrastructure efficiencies which provide the basis for lower construction and operating costs sought by the FCC in reforming the current USF programs. In addition, Alaska's Native populations are dispersed throughout the state which further challenges any special programs or support aimed at these traditionally unserved and underserved populations.

Many of the specific comments offered by RCA are rooted in the range of geographic, demographic, weather, and other unique features of Alaska. These include the potential impacts on Alaska's rural populations and rural carriers across specific FCC proposals relating to reverse auctions; consumer local exchange rates; High-Cost Loop Support and Local Switching Support; Carriers of Last Resort (COLR); current quality of voice service standards; and ICC.

FCC's current proposals for USF reform and transition to the proposed CAF will not support the current High-Cost service areas that support existing voice services in rural Alaska, nor will they provide the necessary support for achieving FCC's broader goals of expanding broadband services across these same rural areas.

The only way to preserve existing levels and quality of voice services in rural Alaska and expand access to broadband services is to recognize Alaska's unique challenges and to afford the State of Alaska full inclusion in Tribal Lands exemptions and other waivers and special conditions when implementing any USF reform and transition to the proposed CAF.

CAF support for middle mile facilities

Current USF and proposed CAF support is focused on last mile infrastructure. Certainly, to achieve FCC National Broadband Plan goals in Alaska, challenges remain within existing local exchange infrastructure across many parts of rural Alaska. However, without subsidized investment in middle mile infrastructure in Alaska, efforts to achieve significant advances in broadband access, capacity, and use will be thwarted. Alaska's size and geographic conditions compound the challenges of building middle mile infrastructure. Widely spread small populations do not offer market conditions for any provider to offer middle mile infrastructure other than on a subsidized basis. Access to loans will not alone generate private sector middle mile build out as the lack of any profitable business model means providers cannot generate user revenue to satisfy loan repayment. To be successful in Alaska, any CAF program must include funding support for both construction and annual operation and maintenance costs of middle mile infrastructure.

Changes to State/federal regulatory relationship

The FCC seeks comment on a number of proposals that would change existing State oversight of Eligible Telecommunication Carrier (ETC) designation and would preempt existing State responsibilities in designating COLR, and setting COLR performance levels.

The FCC also advances proposals that would preempt State authority and/or impose federal control over setting intrastate access charges and policies. The State of Alaska agrees with RCA in its challenge of federal authority to take such actions and strongly opposes any changes to existing State responsibilities and authority in these areas.

In addition to challenging FCC authority to change existing State responsibilities, history has demonstrated that states are in the best position to evaluate local conditions and needs, including which areas are unserved. States are also best positioned with their local knowledge and expertise to evaluate whether a proposed ETC has the technical and financial qualifications to meet ETC requirements. The same is true in the area of COLR designation. As stated by RCA in their comments, Alaska has adopted regulations to select COLR's following a competitively neutral process.

In their comments, State Members of the Federal State Joint Board on Universal Service support this position. They state: *"Finally, State Members encourage the Commission to affirm its continued expectation of working closely with the States to fund and administer universal service programs. This involves building on State COLR policies, avoiding preemption, strengthening financial partnerships, strengthening administrative partnerships, and generally building close working relationships that meet federal objectives that can rely on the specialized knowledge of State commissions about local conditions and intrastate needs."*

Thank you for considering the State of Alaska's concerns regarding this NPRM.

Respectfully submitted this 23rd day of May 2011.

STATE OF ALASKA

By: John W. Katz

John Katz
Director of State/Federal Relations