

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

In the Matter of)	
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Lifeline and Link-Up)	WC Docket No. 03-109
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Advancing Broadband Availability Through <u>Digital Literacy Training</u>)	WC Docket No. 12-23

THE ALASKA RURAL COALITION’S LIFELINE AND LINK UP COMMENTS

Alaska Telephone Company	Arctic Slope Telephone Association Cooperative, Inc.
Bettles Telephone, Inc.	Bristol Bay Telephone Cooperative, Inc.
Bush-Tell, Inc.	Circle Telephone & Electric, LLC
Cordova Telephone Cooperative, Inc.	Copper Valley Telephone Cooperative, Inc.
City of Ketchikan, Ketchikan Public Utilities	Matanuska Telephone Association, Inc.
OTZ Telephone Cooperative, Inc.	Interior Telephone Company
Mukluk Telephone Company, Inc.	North Country Telephone Inc.
Nushagak Electric and Telephone Company, Inc.	The Summit Telephone and Telegraph Company, Inc.
Yukon Telephone Company, Inc.	

I. Introduction.

The Alaska Rural Coalition¹ (“ARC”) files its Comments in this proceeding pursuant to the *Lifeline and Link Up Further Notice of Proposed Rulemaking* (“*Lifeline FNPRM*”) issued by the Federal Communications Commission (“Commission”) on February 6, 2012.² The ARC generally supports increasing accountability and effectiveness in the Lifeline and Link Up programs, but has some concerns that efforts to reform and modernize Lifeline and Link Up will leave vulnerable rural populations without adequate support.

The ARC membership consists of nearly all of the rate of return incumbent rural local exchange carriers (“RLECs”) in Alaska. The ARC companies provide Lifeline and Link Up service to many low income customers living in Remote Alaska. Without Lifeline and Link Up service, many customers would have to do without the basic necessity of a telephone.

II. Limits on Resale of Lifeline-Supported Services.

The Commission seeks comment on whether it should reinterpret the obligation contained in Section 251(c)(4) to resell services at the Lifeline discount and absolve ILECs from a continuing obligation.³ The ARC concurs that changes in the marketplace require an

¹ The ARC is composed of Alaska Telephone Company, Arctic Slope Telephone Association Cooperative, Inc.; Bettles Telephone, Inc.; Bristol Bay Telephone Cooperative, Inc.; Bush-Tell, Inc.; Circle Telephone & Electric, LLC; Cordova Telephone Cooperative, Inc.; Copper Valley Telephone Cooperative, Inc.; City of Ketchikan, Ketchikan Public Utilities; Matanuska Telephone Association, Inc.; OTZ Telephone Cooperative, Inc.; Interior Telephone Company; Mukluk Telephone Company, Inc.; North Country Telephone Inc.; Nushagak Electric and Telephone Company, Inc.; The Summit Telephone and Telegraph Company, Inc. and Yukon Telephone Company, Inc.

² See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, *Lifeline and Link Up*, WC Docket No. 03-109, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (“*Lifeline FNPRM*”).

³ See *Lifeline FNPRM* at para. 452.

examination of wholesale obligations to reflect the reality of the market.⁴ In Alaska, the ARC is not aware of very many services resold to CLECs with a Lifeline discount.

The Commission seeks comment on whether resellers should be ETCs.⁵ The ARC supports a requirement that all carriers providing Lifeline service directly to an end user be an ETC. Again, this has not been a controversial issue in Alaska, since virtually all providers of Lifeline service are currently ETCs.⁶

III. Lifeline and Link Up Provide Critical Infrastructure on Tribal Lands.

Lifeline and Link Up serve an important role in connecting consumers to telecommunications services who would otherwise be left out of the connected world that most of us take for granted. The combination of remote areas, low population, significant poverty levels, and very high cost to serve make these programs particularly critical in Remote Alaska. Curtailing the availability of funding for Link Up would result in even fewer opportunities for consumers in Remote Alaska to connect to the modern world.

⁴ The ARC believes that resale obligations should be imposed on middle mile providers to allow all carriers an equal opportunity to provide robust broadband to all consumers. *See Comments of the Alaska Rural Coalition in the matter of Connect America Fund*, WC Docket No. 10-90, Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, before the FCC (Jan. 18, 2012) (“*ARC USF Comments*”) at 5-7 (“The price provided by UUI/GCI [for middle mile capacity on the new TERRA-SW Project] far exceeded the cost of purchasing satellite backhaul, which is an already cost prohibitive solution to providing broadband to remote Alaska.”).

⁵ *Lifeline FNPRM* at para. 452.

⁶ *See* L. Kenyon, *Lifeline & Link Up*, Regulatory Commission of Alaska (Dec. 20, 2006), available at <http://rca.alaska.gov/RCAWeb/Documents/Telecomm/Lifeline.pdf>, at 6; *see also Comments of the State of Alaska in the matter of Lifeline & Link Up Reform and Modernization*, WC Docket No. 11-42, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline & Link Up*, WC Docket No. 03-109 (May 10, 2011), available at <http://apps.fcc.gov/ecfs/document/view.action?id=7021347875>.

A. Splitting the Lifeline Discount May Not Produce Intended Results.

The Commission seeks comment on whether or not to permit eligible residents on Tribal lands to apply their discount amount to more than one supported service per household.⁷ The ARC understands that the Commission's intention is to promote broadband deployment by mitigating the costs with Lifeline funds. The ARC's concern is that capping the total amount of funds and merely splitting the discount amount between several services may actually dilute the benefit of the Lifeline support. Given the poverty many eligible residents endure, the ability to split the benefit may not actually provide much substantive relief.⁸ The ability to apply the discount to a cheaper bundle of services on the other hand would leverage the Lifeline discount to bring additional benefit to the eligible residents. The ARC does not oppose the ability of eligible residents on Tribal lands to split the Lifeline discount, but encourages the Commission to consider the benefit of offering a higher Lifeline discount for eligible residents who purchase a bundle of services that includes broadband.

The Commission also seeks comment on whether the Lifeline benefit should be split between ETCs offering eligible services.⁹ Before allowing eligible residents to split the Lifeline discount between ETCs, the Commission should fully consider whether the benefit to the eligible residents would outweigh the administrative burden that may be created in such a system. The risk of improper payments, unintentional or otherwise, would certainly rise under this type of

⁷ *Lifeline FNPRM* at para. 476.

⁸ 25% of all Native families in remote villages in Alaska live below the poverty level. Alaska Federation of Natives, *What Drives Our Work*, Alaska Native Center for Excellence (Mar. 27, 2012), <http://www.nativefederation.org/ance/purpose.php>.

⁹ *Lifeline FNPRM* at para. 477.

system.¹⁰ The Commission seeks comment on what precautions could be taken to prevent abuse of the system, but adding additional administrative burdens to ETCs in high cost areas who are already struggling may significant unintended consequences.¹¹

B. Link Up Support Remains Vital to Tribal Lands.

The Commission seeks comment on whether enhanced Link Up support for Tribal areas “remains necessary given the recent reforms in high-cost support.”¹² The ARC strongly urges the Commission to retain Link Up support in Tribal areas. Absent this critical support, many areas of Remote Alaska would lack vital connections.¹³

¹⁰ FCC efforts in 2011 to reform Lifeline eliminated nearly 270,000 duplicate subscriptions in 12 states, saving \$33 million. *FCC Reforms, Modernizes Lifeline To Keep Low-Income Americans Connected To Jobs, Family, 911 Services*, Fierce Mobile Content (Feb. 1, 2012) <http://www.fiercemobilecontent.com/press-releases/fcc-reforms-modernizes-lifeline-keep-low-income-americans-connected-jobs-fa>; see also Rural Cellular Association, *Lifeline Fraud Issues Must Be Addressed* (Jan. 9, 2012), available at <http://rca-usa.org/press/rca-press-releases/lifeline-fraud-issues-must-be-addressed/917065> (“RCA thanks the Commission for its work to modernize the Lifeline program, which has been fraught with fraud and abuse”).

¹¹ See Byron Dorgan, *Dorgan: FCC Should Modify Rule Unfair to Rural America*, Roll Call (Feb. 2, 2012), available at http://www.rollcall.com/issues/57_89/byron_dorgan_fcc_should_modify_unfair_rule_rural_america-212062-1.html?pos=oopih (“[T]hese rules are likely to cause even bigger problems for the current customers of the small, rural telecoms that now provide services to the most rural areas... [T]here is nothing in the FCC plan that describes how it will build out high-speed service to rural areas after it has taken away the part of the USF that is needed to serve rural areas. In addition, the FCC rule also hurts those rural telecom companies that have already built the infrastructure to serve their rural customers.”); see also *ARC USF Comments* at iii-iv (“Small rural carriers could not survive a regime where competitors can cherry pick the most profitable areas to serve and leave the ETCs with the highest cost areas and an insufficient funding bases. This is especially true in Alaska where areas are unconnected and sparsely populated.”).

¹² *Lifeline FNPRM* at para. 482.

¹³ *Lifeline & Link Up Reform and Modernization*, WC Docket No. 11-42, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline & Link Up*, WC Docket No. 03-109, Comments of the State of Alaska (May 10, 2011), available at <http://apps.fcc.gov/ecfs/document/view.action?id=7021347875> “The current Lifeline has, by any measure, been a great success in Alaska. As detailed in its comments, General Communication Incorporated (GCI) of Alaska offers data to show that telecommunications service penetration rates in Alaska have risen to above 90 percent across three underserved

The Commission cites other funding sources that it believes will provide adequate funding to replace current Link Up support.¹⁴ The ARC believes the Commission should move very cautiously in relying on the identified funding. The Commission cites Mobility Fund Phase I designed to extend 3G service in both Tribal and non-Tribal areas.¹⁵ Virtually all Alaskan carriers have expressed deep concern that the reverse auction intended to distribute the \$300 million allocated to Mobility Fund Phase I will produce little if any funding in Remote Alaska or other high cost Tribal areas.¹⁶ “Due to unique circumstances, Alaska providers will not be competitive in reverse auctions...it is very unlikely that Remote Alaska will receive any support through this mechanism, even from the Tribal lands portion.”¹⁷ Although the Commission designated a 25% bidding credit for tribally owned or controlled carriers, it remains unclear

population segments in Alaska since inception of the program in 1994. Households whose income falls below the federal low-income guideline and qualifying Lifeline households with incomes exceeding federal low-income guidelines are reporting penetration rates for telephone service at 91.9 percent and 92 percent respectively. In addition, with the initiation of Tribal Lands Lifeline support in 2000, penetration among eligible households across that population in Alaska has risen to 92.7 percent.”

¹⁴ *Lifeline FNPRM* at paras. 481-82.

¹⁵ *Lifeline FNPRM* at para. 481.

¹⁶ See *ARC USF Comments* at 24; *Comments of General Communication, Inc. In the Matter of Connect America Fund*, WC Docket No. 10-90, Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, before the FCC (Jan. 18, 2012) (“*GCI USF Comments*”) at 6 (“The extremely high costs of mobile broadband facilities and operations, particularly in those parts of Alaska beyond the National Highway System (“NHS”), combined with small populations, make it extremely unlikely that remote Alaska will receive any support in a nationwide reverse auction—whether in the non-tribal or the tribal portion.”).

¹⁷ *Reply Comments of the Regulatory Commission of Alaska In the Matter of Connect America Fund et. al.*, WC Docket No. 10-90, Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, before the FCC (“*RCA USF Reply Comments*”) (Feb. 17, 2012) at 14-15.

whether the small, rural carriers who serve Tribal lands in Remote Alaska will be eligible for the bidding credit.¹⁸

The Commission also cites the Tribal Mobility Fund I which allocates \$50 million in one time support for advanced services on Tribal lands as a replacement for the potential loss of Link Up support.¹⁹ The parameters for distributing the Tribal Mobility Fund I have not been determined.²⁰ Until the Commission fully details how that support will be allocated, it is impossible to know if it could be a realistic substitute. The Commission has indicated that funds awarded through the Tribal Mobility I program must be used to deploy advanced wireless technology where it does not exist. The ARC respectfully submits that the construction requirements and the new broadband obligations imposed by the Commission will render the Tribal Mobility funding insufficient to also provide the services currently covered by the Link Up program.

The Commission also suggests that the Mobility Fund Phase II ongoing support will be able to compensate for the loss of Link Up support.²¹ “It has not been shown that models are successful at predicting costs of service throughout rural Alaska. Errors or incorrect assumptions, having only minor impact on large companies, may be devastating for small, rural Alaska companies given their limited resources.”²² The inputs and content of the cost model the

¹⁸ *ARC USF Comments* at 11.

¹⁹ *Lifeline FNPRM* at para. 481.

²⁰ Virtually all commenters agree that Mobility Fund Phase I will not benefit Alaska. *See, e.g., Comments of General Communication, Inc. In re Competitive Bidding Procedures for Auction 901 and Certain Program Requirements*, AU Docket No. 12-25 (“GCI Mobility Comments”) (Feb. 24, 2012), at 1; *Comments of the Alaska Rural Coalition In re Competitive Bidding Procedures for Auction 901 and Certain Program Requirements*, AU Docket No. 12-25 (“ARC Mobility Comments”) at 2; *RCA USF Reply Comments* at 4.

²¹ *Lifeline FNPRM* at para. 481.

²² *RCA USF Comments* at 14.

Commission proposes to use to distribute Mobility Fund Phase II remains unresolved. Alaskan carriers agree that Remote Alaska will fare poorly under a cost model that does not properly account for the unique aspects of climate, geography and population.²³

Given the uncertainty facing rural carriers serving Tribal lands, the ARC strongly urges the Commission to retain the enhanced Link Up support for Tribal lands. The ARC believes that ongoing Link Up support provides a real and meaningful way to achieve the Commission's goals of improved broadband penetration on Tribal lands.

IV. Mandatory Application of Lifeline Discount to Bundled Service Offerings May Dilute Effectiveness of Program.

The Commission seeks comment on whether or not it should create a mandatory obligation to apply the Lifeline discount to bundled service offerings.²⁴ The Commission cites mixed reactions from previous commenters.²⁵ The ARC supports the opportunity to allow eligible consumers to apply the Lifeline discount to bundled services that include a voice component. It is unclear whether or not this option really needs to be a federal requirement. The Commission points to three states that currently require ETCs to offer Lifeline discounts on all voice service offerings.²⁶ The ARC believes that State Commissions are in the best position to determine whether ETCs should be required to extend the Lifeline discount.

The ARC believes that allowing Lifeline support to be directed to service bundles including broadband is likely to deepen broadband penetration in the areas where broadband is available. Unfortunately, in many areas where a significant portion of the population is eligible

²³ See *GCI USF Comments* at 11-12; *ACS USF Comments* at 16-17.

²⁴ *Lifeline FNPRM* at para. 488.

²⁵ *Lifeline FNPRM* at para. 489.

²⁶ See *Lifeline FNPRM* at para. 490. Currently, Oregon, Texas and Kansas have implemented a mandatory Lifeline discount program beyond basic telephone service. *Id.*

for Lifeline, including Remote Alaska, the availability of robust broadband depends on the availability of adequate and affordable terrestrial middle mile. The ARC reiterates its need for support to provide broadband to the customers it serves, including those eligible for Lifeline and Link Up.

V. Commission Should Move Cautiously in Changing ETC Requirements.

The Commission seeks comment on whether ILECs should be allowed to choose whether or not to participate in the Lifeline program.²⁷ AT&T suggests that since wireline telephone companies are no longer the dominant provider of voice services, they should be relieved of the obligation to provide Lifeline service.²⁸ In rural areas Lifeline is an important service to provide low income customers with needed access to telecommunications services. Additionally, providing Lifeline service has been an important part of an ETC's obligations. The ARC supports the retention of the obligation to provide Lifeline service for ILECs, at least where there is not another ETC providing Lifeline service in an area. In lieu of an ongoing requirement to provide Lifeline service, the ARC supports an opt out procedure for ILECs who no longer wish to provide Lifeline service. The ARC continues to believe that State Commissions are in the best position to monitor and adjudicate that opt out procedure.

VI. Conclusion.

The ARC provides Lifeline and Link Up services throughout Remote Alaska. The program provides important support to low income customers who would not be able to afford service without it. Reform and modernization of the program is important, but the core purpose of the program must remain intact. The ARC urges the Commission to carefully consider which

²⁷ See *Lifeline FNPRM* at paras. 502-03.

²⁸ *Lifeline FNPRM* at para. 503 (citing AT&T Jan. 24 *ex parte* Letter at 1).

