

**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 REPLY 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 agrees with Alaska Communications Systems, Inc. (“ACS”)

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.

in supporting this reform.⁴ Though the ARC does not believe that resale of services to CLECs with a Lifeline discount has been a significant problem in Alaska, the ARC appreciates the Commission's economical approach, given the substantial need for universal service funding in Alaska. Similarly, though there have been few duplicative support problems with regard to ETCs in Alaska, the ARC supports a requirement that all carriers providing Lifeline service directly to an end user be an ETC.⁵

III. Lifeline and Link Up Remains Essential to Tribal Lands.

The ARC joins ACS and General Communication, Inc. ("GCI") in emphasizing to the Commission the importance of Lifeline and Link Up to Tribal areas of Remote Alaska.⁶ Lifeline and Link Up were designed to ensure that no American lives daily life without basic access to telecommunications services, and so, to the outside world. This interconnection is particularly important in Remote Alaska, where access to phone or internet can actually stand between life and death.⁷ Significant poverty levels and the very high cost of service in these areas mean that residents of these areas depend on Lifeline and Link Up for access to many other crucial services, including education and health care.

⁴ *Comments of Alaska Communications Systems Group, Inc., 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 Digital Literacy Training*, WC Docket No. 12-23 (April 2, 2012) ("ACS Lifeline Comments") at 5.

⁵ *Lifeline FNPRM* at para. 452; *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>.

⁶ *ACS Lifeline Comments* at 8, *Comments of General Communication, Inc., 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 Digital Literacy Training*, WC Docket No. 12-23 (April 2, 2012) ("GCI Lifeline Comments") at 4.

⁷ *GCI Lifeline Comments* at 4.

A. Splitting the Lifeline Discount Should Be Carefully Considered

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, with the goal of mitigating broadband costs with Lifeline funds.⁸ The ARC remains concerned that allowing eligible recipients to split a lifeline discount across a bundle of services will actually dilute the benefit of the support. We agree with ACS and GCI that offering a bundle subject to the Lifeline discount should be allowed, but not required.

We also agree with ACS and GCI that the administrative and customer management burdens involved with allowing division of the Lifeline discount across service providers will pose significant problems to ETCs.⁹ Splitting discounts across carriers will not only impose burdensome administrative tasks on ETCs in Alaska, who are already struggling to adjust to the Commission's reforms to high cost support, but it will also dramatically increase the risk of improper Lifeline payments, unintentional or otherwise.¹⁰

⁸ *Lifeline FNPRM* at para. 476.

⁹ *ACS Lifeline Comments* at 7, *GCI Lifeline Comments* at 6. "The *only* effect of this proposal would be to yet further increase administrative burden and expenses, as the same support dollars would have to be allocated among multiple lines, and ETCs would have to determine how to provide, track, and bill split discounts, and they might have to modify their systems in order to do so." *Id.*

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").

B. Tribal Lands Depend on Lifeline and Link Up Support

The ARC joins ACS and GCI in urging the Commission to retain full levels of Lifeline and Link Up support in Tribal areas.¹¹ Without these programs, many areas of Remote Alaska would remain without vital telephone connections.¹² The ARC echoes ACS's concern that tribal lands are often the most high cost and difficult to serve, and that Tribal land residents are often low-income consumers who cannot afford the cost of telephone or broadband installation without assistance.¹³ Telephone penetration on Tribal lands remains very low in comparison to the rest of the country, and reducing any Lifeline or Link Up support would represent a step backwards from the Commission's goal of universal service.¹⁴

The Commission cites alternative sources of funding that it believes will compensate for the loss of Link Up funding to tribal areas, including the Mobility Fund Phase I, the Tribal

¹¹ *ACS Lifeline Comments* at 8, *GCI Lifeline Comments* at 3.

¹² *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 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 8 Lands Lifeline support in 2000, penetration among eligible households across that population in Alaska has risen to 92.7 percent.”

¹³ *ACS Lifeline Comments* at 8.

¹⁴ See *GCI Lifeline Comments* at 5. “Despite this progress, and as the Commission has noted, telephone penetration rates on Tribal lands remain very low... [T]he elimination of Link Up on Tribal lands would clearly disserve the objectives of universal-service support and, in particular, further disadvantage a segment of the American population that has long suffered from much poorer telecommunications access than most of our country.” *Id.*

Mobility Fund Phase I, and the Mobility Fund Phase II ongoing support. The ARC respectfully submits that, for Alaskan carriers, these funds are extremely unlikely to compensate for losing Link Up support. Essentially all Alaska carriers have indicated their belief to the Commission that the reverse auction intended to distribute Mobility Fund Phase I will produce little if any funding in Remote Alaska or other high cost Tribal areas.¹⁵ As well, it remains unclear whether the Commission's 25% bidding credit for tribally owned or controlled carriers will apply to the ARC members: small, rural carriers who are frequently the only available telecommunications providers for Tribal lands and customers.¹⁶

Since the Commission has not yet established guidelines for distributing the Tribal Mobility Fund I's \$50 million in one time support for advanced services on Tribal lands, it is impossible for the ARC to determine whether these funds might compensate for the potential loss of Link Up support.¹⁷ However, the ARC is very concerned that the Tribal Mobility Fund I will not provide enough support to meet the Commission's requirements for new construction and broadband facilities while also maintaining Link Up services. Similarly, until the inputs,

¹⁵ 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.”); *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. (“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.”).

¹⁶ *ARC USF Comments* at 11.

¹⁷ *Lifeline FNPRM* at para. 481.

content, and methodology of the Commission's proposed cost model for distributing Mobility Fund Phase II support have been established, the ARC cannot determine conclusively whether this funding will be able to compensate for the loss of Link Up support.¹⁸ However, cost models have generally not been successful at forecasting the costs of service in rural Alaska, due to its unique and unpredictable climate, geography, and population.¹⁹ The ARC respectfully submits that the Mobility Fund Phase I, the Tribal Mobility Fund Phase I, and the Mobility Fund Phase II ongoing support are each too unpredictable and potentially problematic for Alaska carriers to depend on them as a replacement for Link Up.

IV. Applying the Lifeline Discount To Bundled Service Offerings Should Be An Option, Not A Requirement.

The Commission seeks comment on whether or not it should create a mandatory obligation to apply the Lifeline discount to bundled service offerings.²⁰ The ARC remains concerned about allowing eligible customers to apply the Lifeline discount to bundled services that include a voice component. The ARC agrees with GCI and ACS that for the Commission to require the lifeline discount to be applied to a bundle has the potential to create major administrative difficulties for some carriers in billing, employee training, collections, and service termination.²¹ There is no evidence that allowing an eligible customer to apply the lifeline discount to a broadband bundle will deepen broadband penetration in the areas where broadband is already available given the very limited financial resources available to those customers. Many areas of Remote Alaska lack access to broadband because adequate and affordable terrestrial middle mile is unavailable. Until the Commission provides sufficient funding to

¹⁸ *Lifeline FNPRM* at para. 481.

¹⁹ *See GCI USF Comments* at 11-12; *ACS USF Comments* at 16-17.

²⁰ *Lifeline FNPRM* at para. 488.

²¹ *GCI Lifeline Comments* at 8; *ACS Lifeline Comments* at 9.

strengthen and expand middle mile in Remote Alaska, the ability to apply Lifeline to bundled services will be irrelevant to customers in these regions, many of whom qualify for Lifeline support.

V. Commission Should Carefully Consider Changing ETC Requirements.

The Commission seeks comment on whether ILECs should be allowed to choose whether or not to participate in the Lifeline program.²² The ARC believes that ILECs should continue to be obliged to provide Lifeline service, at least where there is not another ETC providing service in the area. In the rural areas the ARC members serve, low income customers depend on Lifeline to help make up for the absence of many other kinds of basic services. If the Commission decides to eliminate the requirement to provide Lifeline service, the ARC supports an opt out procedure for ILECs who no longer wish to provide Lifeline service, which should be governed by State Commissions.

VI. Extending Record Retention Requirements Would Unnecessarily Burden Carriers.

The Commission seeks comment on its proposal to extend the current Lifeline record retention requirements to at least ten years for documentation of compliance with program rules.²³ The ARC joins ACS and GCI in asserting that current record retention requirements are sufficient, and that extending this period would generate enormous costs for carriers without producing any substantial benefit.²⁴ We agree with GCI that “the result of this proposal will be a bonanza for archiving and litigation-support vendors, little practical benefit to the Commission, and yet more Lifeline administrative woe to ETCs.”²⁵

²² See *Lifeline FNPRM* at paras. 502-03.

²³ See *Lifeline FNPRM* at paras. 505-506.

²⁴ *ACS Lifeline Comments* at 10, *GCI Lifeline Comments* at 11-12.

²⁵ *GCI Lifeline Comments* at 13.

