

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

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| 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 an 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 |
| |) | |
| <u>Universal Service Reform – Mobility Fund</u> |) | WT Docket No. 10-208 |

REPLY COMMENTS OF THE ALASKA RURAL COALITION

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I. Introduction.

The Alaska Rural Coalition¹ (“ARC”) files its Comments in this proceeding pursuant to the June 1, 2012 *Public Notice* issued by the Federal Communications Commission (“Commission”) seeking comment on the appropriate method of collecting study area boundary data.² The ARC echoes the concerns expressed in the comments filed by other ILECs about the unintended consequences for Alaskan ILECs if the Commission adopts its proposed procedure.³

The ARC membership consists of most of the rate of return incumbent rural local exchange carriers (“RLECs”) in Alaska, who share unified interests regarding the impacts of further proposed changes in universal service funding and access charge revenues to the state. The ARC urges the Commission to exempt Alaska from the requirement that all ILECs file study area boundary data in “esri compatible shapefile format,” or to provide companies an alternative format option for filing this data (“the shapefile requirement”).⁴ Small ILECs may lack the resources to convert existing maps to shapefiles, and the record lacks a compelling reason to require such an investment, particularly without a mechanism to recover the cost.

¹ The ARC is composed of 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., Alaska Telephone Company, North Country Telephone Inc., Nushagak Electric and Telephone Company, Inc., The Summit Telephone and Telegraph Company, Inc., and Yukon Telephone Company, Inc.

² *Comment Sought on Data Specifications for Collecting Study Area Boundaries*, Public Notice, WC Dockets 10-90 & 05-337, DA 12-868 (Wireline Competition Bur. rel. June 1, 2012) (“*SA Boundaries Public Notice*”).

³ *Comments of Alaska Communications Systems Group, Inc.*, before the FCC, WC Dockets 10-90 & 05-337 (July 2, 2012) (“*ACS Comments*”).

⁴ *SA Boundaries Public Notice* at para. 6.

A. Converting Existing Study Area and Exchange Boundary Data to Shapefiles Will Likely Impose a Potentially Substantial and Unnecessary Burden on Small Alaskan ILECs.

Small ILECs such as the ARC members are currently struggling to deal with increased regulatory burdens and diminishing high cost support. The Commission's reforms have introduced considerable economic uncertainty for the ARC members in an already difficult economic climate.⁵ Since most Alaska study areas lack contiguous boundaries with other carriers, requiring expensive mapping procedures,⁶ and developing data in shapefile format will present a more substantial burden to Alaska providers than to providers in the Lower 48.

Most small ILECs, especially those serving remote areas, function with limited staff and tight, careful budgets, and have no spare human or financial resources to dedicate to the project. Some of these companies may not currently possess the specific data the Commission requests, or may not possess their data in the shapefile format the Commission proposes to require. Developing data files to meet the shapefile requirement may entail hiring outside consultants, since these companies lack the expertise or personnel to develop the required files. Adding further expenses to these companies' operations will only undermine the Commission's goal of extending service to our country's most isolated areas. Given the lack of 100% overlap issues in

⁵ The lack of predictable and sustainable funding for small ILECs are ample in the record. For example, Michael Balhoff, a well known and respected economist, submitted a letter detailing this concern on April 12, 2012. *See* Letter from Michael J. Balhoff, Managing Partner, Balhoff & Williams, LLC, to Marlene S. Dortch, Secretary, Federal Communications Commission, Re: *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135; *Connect America Fund*, WC Docket No. 10-90; *High-Cost Universal Service Support*, WC Docket No. 05-337; *A National Broadband Plan for Our Future*, GN Docket No. 09-51; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45 (April 12, 2012) at 11.

⁶ The issue of 100% overlap is unlikely to be a significant issue in Alaska since competitors generally avoid the highest cost areas served by an ILEC.

Alaska, the costs of compiling and converting these data files far outweigh any benefits to Alaska consumers.

B. A Requirement to Provide Data in a Shapefile Ought Not Be Mandatory Absent a Compelling Justification.

There is no evidence in the record that the benefits of shapefile mapping will justify its potential in Alaska, and instead is likely to cause long-term drawbacks for Alaskan consumers of telecommunications services. Alaskans in hard-to-reach areas depend on small ILECs to provide them vital connections to the outside world. Any proposal that further undermines the financial stability of such companies must be truly necessary. As ACS has pointed out, much of Alaska's study area boundary data will depict isolated, wild and remote areas that lack the presence of any potential wireline customers.⁷ Producing accurate data for these areas would serve "no regulatory purpose," and would be a total waste of precious ILEC resources.⁸ To the extent that the Commission is concerned about identifying areas of void, the data already available through the Regulatory Commission of Alaska ("RCA") shows that the remaining unserved areas in Alaska are almost entirely located in national forests, bodies of water, and other unpopulated areas, many of which are Federal land. It makes little sense for the Commission to burden small companies with re-developing population information already known to the National Park Service, the U.S. Forest Service, and the Bureau of Land Management.

The Commission's Regulatory Flexibility Analysis suggests that 1,006 ILECs qualify as small businesses affected by the rules contemplated by the Public Notice. We agree with Alexicon Telecommunications Consulting that the current proposal asks these small companies

⁷ *ACS Comments* at 6.

⁸ *Id.*

to “do more with less.”⁹ The shapefile requirement threatens not only these providers, but also threatens the reliability and affordability of telephone and broadband service to their customers. The potentially onerous burden under consideration should be weighed against the minimal benefit, and the alternatives proposed to address this issue. Some ILECs might possess readily available shapefiles or the technology and expertise necessary to produce them, but for others a shapefile requirement would present only a substantial, costly impediment to serving their customers. The ARC agrees with ACS that such a burden must only be imposed if it is strongly justified by a lack of less costly alternatives.¹⁰

Fortunately, there are many such less costly alternatives to the shapefile requirement available to the Commission. The ARC supports ACS’s recommendations of ways to reduce this proposal’s hardship on small ILECs. If the Bureau believes that receiving uniform shapefiles is essential to its goals, the Bureau should provide supplemental funds to compensate ILECs for whom producing shapefiles will pose significant expenses.¹¹ At the very least, the Bureau should exempt small Alaska ILECs from the shapefile requirement and allow them to submit data in alternative formats that make sense in light of the state’s unique qualities. As ACS suggests, “[t]he actual service footprint of Alaska ILECs would be a far more useful tool for the Commission in estimating customers, density, and other metrics relevant to high-cost support.”¹² For instance, the Commission could accomplish its goals by allowing Alaskan carriers to submit

⁹ See *Public Notice—Comment Sought on Data Specifications For Collecting Study Area Boundaries: Comments of Alexicon Telecommunications Consulting*, before the FCC, WC Dockets 10-90 & 05-337 (July 2, 2012) at 4.

¹⁰ See *ACS Comments* at 4.

¹¹ See *ACS Comments* at 5.

¹² See *ACS Comments* at 6.

data mapping their current service areas on a Census Block level.¹³ This solution would prevent unnecessary mapping of unpopulated areas and would also be financially reasonable for Alaskan carriers, since most currently possess some form of data mapping for their populated service territories.¹⁴

C. The ARC Supports a Role for the Regulatory Commission of Alaska in Determining Accurate Study Area Boundaries.

The Bureau seeks comment on the role of state commissions in developing study boundary data.¹⁵ The ARC agrees with the Bureau's suggestion that "[s]tate involvement could substantially reduce the burden to both the industry and the Commission." Given the unique nature of Alaska's study areas, the Regulatory Commission of Alaska ("RCA") is the logical choice as a clearinghouse for Alaska's study area data. Indeed, the RCA has historically collected such study area data to serve its own regulatory purposes, and its knowledge of the Alaska market makes it best equipped to assist Alaska carriers in producing data that will actually be meaningful and useful to the Commission.

The RCA currently provides the public with study area maps that accurately capture the current state of telecommunications coverage in Alaska. Given the availability of cohesive data on Alaska, the ARC suggests that the Commission waive the carrier-by-carrier shapefile requirement for Alaska companies. If the Commission is unwilling to accept the RCA's current study area maps, we propose that the Commission instead allow Alaska ILECs to submit new

¹³ *ACS Comments* at 6.

¹⁴ For example, Nushagak Cooperative provides service to six small communities with populations ranging from 2 to 2466, but these towns are widely separated from one other by many miles of unpopulated, wild terrain. Producing shapefiles mapping these unpopulated areas would serve no useful purpose for Nushagak, and would be a significant hardship for its small staff. Copper Valley Telephone Cooperative faces the same issue in its service territory.

¹⁵ *SA Boundaries Public Notice* at P.8.

individual data to the RCA, who will then process it and present the Commission with one comprehensive set of shapefile data on an Alaska-wide basis. Centralizing the data processing aspects of the Commission's shapefile requirement at the RCA has the potential to save significant amounts of money and employee time for individual ILECs while still meeting the Commission's ultimate goal of collecting accurate and uniform nationwide data.

D. The CAF Cost Model Should Not Be Relied Upon to Distribute the Remote Areas Fund.

The ARC has consistently advocated that the Remote Areas Fund must be used judiciously to insure that broadband reaches the highest cost areas of the nation.¹⁶ The ARC has also maintained that the current CAF Cost Model is likely to produce inconsistent and unpredictable results.¹⁷ Given the significant, ongoing concerns with the errors in the CAF Cost Model, its application to the Remote Areas Fund is especially troubling. Providing service to these areas is at the heart of the Telecommunications Act's universal service directive, and with good reason.¹⁸ The remote nature of these locations means that their residents have the greatest need for telecommunications, especially with respect to vital services like emergency response, healthcare and education. The stakes of telecommunications access are simply higher for the customers of companies serving remote areas than for even recipients of general high-cost

¹⁶ *Comments of the Alaska Rural Coalition in the matter of Connect America Fund*, we 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 Fee (Jan. 18,2012) ("*ARC USF Comments*") at 29-34; *Reply Comments of the Alaska Rural Coalition*, WC Docket No. 10-90 et al. (Feb. 17,2012) ("*ARC USF Reply Comments*") at 19-20.

¹⁷ See *ARC USF Comments* at 17-18.

¹⁸ 47 U.S.C. § 254(b)(3) ("Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.").

support, and the Remote Areas Fund's distribution model must reflect this with a greater degree of sensitivity and accuracy.

The Remote Areas Fund is limited in size, and its distribution must be carefully tailored to serve the most pressing needs for access to telecommunications. Many customers with such needs are served by small ILECs such as the ARC members. Using the CAF Cost Model, which was designed to apply only to larger Price Cap Companies, to identify areas deserving support would likely leave many Americans without adequate telecommunications services. We urge the Commission to develop an alternative distribution model that more accurately reflects the needs and characteristics of small companies.

Allowing individual, case-by-case waivers of the Commission's model is not likely to be an adequate remedy for the potentially catastrophic loss of support. Obtaining a waiver would represent a significant investment of both time and money for small ILECs, and the uncertainty inherent in the waiver process would leave these companies facing an unacceptable level of risk to their survival. The possibility of obtaining waivers is simply too contingent to be a solution that small ILECs can rely upon.

III. Conclusion.

The ARC respectfully submits that the Commission's current plan for obtaining study area boundary data will impose unacceptable, unjustified costs on some of its members and other small rural ILECs. Especially with regard to study area boundaries in Alaska, we urge the Commission to allow alternative options for data submissions. The RCA is in the best position to assist Alaska carriers with gathering and producing this data. If the Commission concludes that the shapefile format is essential to its goals, then it should consider providing supplemental funds to cover the cost of producing this data. The Commission must somehow compensate

already-strapped small ILECs for this burden, given that the data will have little to no practical implications for Alaska customers. Applying the CAF Cost Model to the Remote Areas Fund has the potential to leave small, rural ILECs without the funding necessary to continue providing telecommunications services to the very areas that the Fund was designed to aid.

Respectfully submitted on this 17th day, July, 2012.

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