

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

In the Matter of )

Connect America Fund )  
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WC Docket No. 10-90

**COMMENTS OF THE ALASKA RURAL COALITION**

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September 28, 2012

## **I. Introduction.**

The Alaska Rural Coalition<sup>1</sup> (“ARC”) files its Comments in this proceeding pursuant to the *Public Notice* issued by the Federal Communications Commission (“Commission”) on July 26, 2012 seeking comment on the Commission’s methodology for determining the local voice rate floor and the reasonable comparability benchmarks for fixed voice and fixed broadband services.<sup>2</sup> The Commission’s November 18, 2011 *Transformation Order* directed the Commission to survey nationwide residential urban rates for fixed voice, fixed broadband, mobile voice and mobile broadband services, in order to determine reasonable comparability benchmarks for voice and broadband rates.<sup>3</sup>

The ARC membership consists of most of the rate of return incumbent rural local exchange carriers (“RLECs”) in Alaska, who face the unique challenges of meeting nationwide reasonable comparability benchmarks while providing services to some of the nation’s highest-cost areas. The ARC urges the Commission to account for the limitations of Alaska’s current

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<sup>1</sup> 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.

<sup>2</sup> Federal Communications Commission, *Wireline Competition Bureau Seeks Comment on Proposed Urban Rates Survey and Issues Relating to Reasonable Comparability Benchmarks and the Local Rate Floor*, Public Notice, DA-12-1199 (July 26, 2010) (“*Urban Benchmarks Public Notice*”).

<sup>3</sup> See *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, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) (“*Transformation Order*”).

broadband infrastructure, in particular the absence of widespread, affordable, and robust middle mile networks, when establishing comparability benchmarks for broadband rates.

## **II. Collecting Broadband Data by Speed Tier Makes Benchmarks Meaningful.**

The Commission seeks comments on its proposal that providers separately report rates for four specific speed tiers.<sup>4</sup> The ARC believes that collecting data according to different speed tiers is of crucial importance to the Commission’s survey methodology. Many ARC providers continue to lack access, or must purchase access at extremely high rates, to the middle mile infrastructure necessary to provide affordable broadband at the 4 Mbps down by 1 Mbps up speed required by the Commission.<sup>5</sup> Unless the Commission delineates rate benchmarks by speed tier, holding providers such as the ARC’s members, who serve extremely remote, high

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<sup>4</sup> *Urban Benchmarks Public Notice* at para. 6.

<sup>5</sup> *Comments of the Alaska Rural Coalition*, GN Docket No. 12-228, before the FCC (Sept. 20, 2012) (“*ARC Broadband Standards Comments*”) at 4 (“Many ARC members’ first mile and most second mile networks are currently able to provide 4 Mbps by 1 Mbps high speed broadband service, but adequate terrestrial middle mile networks that are a critical link between that legacy infrastructure and the internet backbone are rare in rural Alaska”); *Comments of Alaska Communications System Group, Inc. in the manner of Connect America Fund*, WC Docket No. 10-90, Docket No. 05-337, before the FCC (July 9, 2012) at 8 (“The Commission’s model ignores the costs of extremely long haul middle mile transport in Alaska, especially by satellite and undersea cable, which are necessary to support delivery of the broadband speeds mandated by the Commission”); *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 Comments*”) at 28 (“As discussed above, middle-mile costs will be a significant (but not the only) component of the high costs of delivering any type of broadband – whether fixed or mobile – to Remote Alaska...middle mile is an essential component of providing affordable and reasonably comparable broadband services to rural Alaska, and of creating a communications infrastructure that can support critical public health, education and safety needs.”); and *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 I Comments*”) at 4-5 (“Access to affordable middle mile is critical to extend broadband into remote areas of Alaska.”).

cost areas,<sup>6</sup> to these benchmarks would be unreasonable and likely impossible given the Commission's reductions in high cost support to these companies, and lack of support for middle mile transport.<sup>7</sup>

The Commission also seeks comment on its proposal to collect data on service provider practices regarding capacity limits.<sup>8</sup> The ARC believes that establishing an understanding of these practices across the country represents an important goal for the Commission. To that end, the ARC suggests that the Commission request data about and consider the provider practice of allowing customers to "roll over" their unused capacity for a month to apply to future months of service.<sup>9</sup> This practice benefits consumers by allowing flexibility in their service plans and also fosters efficiency and competition among providers. The ARC believes that the success of

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<sup>6</sup> *Reply Comments of the Alaska Rural Coalition*, WC Docket No. 10-90, WC Docket No. 05-337, before the FCC (July 23, 2012) ("*ARC Reply Comments*") at 9 ("[T]he lack of roads, extreme climate and harsh geography of Alaska must remain in the forefront of the discussion when considering the role the Remote Areas Fund will play in Alaska"); *Comments of Alaska Communications Systems, 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) at 3, n. 4 ("Almost everything about providing communications services in Alaska is unique and sets its service providers apart from what other carriers across the country experience.") *GCI Comments* at 2-4 ("Alaska is a uniquely high cost area within which to provide any telecommunications, whether traditional telephony, mobile or broadband. Much of remote Alaska lacks even the basic infrastructure critical to most telecommunications deployment, such as a road system and an intertiered power grid.").

<sup>7</sup> *See Transformation Order* at para. 216; *ARC USF I Comments* at 17 ("The ARC is deeply concerned that the analysis performed to date by the Commission is deeply flawed and will produce inconsistent and unreliable results across rural America. The results may be particularly distorted for the very high cost areas of Alaska. . . . The CAF Order proposes a methodology based on benchmarks for "reasonable costs" to impose limits, but does not differentiate in the benchmark formula the actual cost characteristics within the rural areas that ARC carriers operate.").

<sup>8</sup> *See Urban Benchmarks Public Notice* at para. 6.

<sup>9</sup> *See, e.g.,* Matanuska Telephone Association, *Rolling Gigs*, available at <http://www.mtasolutions.com/internet/rolling.php> (last visited Sept. 23, 2012) ("This new feature [Rolling Gigs] rolls surplus data allowances from one month to the next. . . . There is no limit to the gigs of data usage you can roll.").

“rollover” plans in the wireless voice market foreshadows the effectiveness of “rollover” practices for broadband capacity.<sup>10</sup> The ARC encourages the Commission to factor the availability of such practices towards a provider’s compliance with capacity benchmarks, perhaps by making available a small rate discount in benchmark calculations for providers offering such benefits to their customers.

The Commission seeks comment on the use of data to establish the local rate floor.<sup>11</sup> The ARC believes that the Commission’s proposed method of collecting and evaluating data represents a fair way to establish this figure, and that weighting this data by population is of critical importance given the extent to which population density affects the cost of service to an area. The ARC reiterates its position that, in order for the local rate floor to have its intended effect of fostering competition, the local rate floor must apply equally to all competitors in a market who receive high cost support.<sup>12</sup>

### **III. Voice Service Benchmarks Must Depict Specific Services.**

The Commission seeks comment on its proposal to develop the “national average” rate for voice service either for a single “unlimited, all-Distance service” or for “multiple, service-specific” benchmarks.<sup>13</sup> The ARC urges the Commission to maintain distinct benchmarks for each individual category of voice service available in the market: flat, local; unlimited, all

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<sup>10</sup> See, e.g., Theresa Howard, *AT&T Ads Stick with Family in Love with Rollover Minutes*, USA TODAY (Mar. 30, 2009) (“In 2009, FamilyTalk, AT&T’s rollover minutes plan, accounted for about 60% of their contracted customers.”).

<sup>11</sup> *Urban Benchmarks Public Notice* at para. 11.

<sup>12</sup> Shannon M. Heim, *Ex Parte Notice*, before the FCC (April 16, 2012) at 3 (“The ARC appreciates that challenge and suggests the Commission should focus on a much narrower and more manageable scope of wireline CETCs who directly compete with ETCs. To leave the pricing structure for these wireline companies without a rate floor creates an unintended competitive dynamic that allows CETCs to capture and use identical support to offer local service rates far below the national urban rate floor.”).

<sup>13</sup> *Urban Benchmarks Public Notice* at paras. 13-15.

distance; measured, local. For providers in high-cost areas such as the ARC members, the cost of providing some services may differ drastically from the cost of providing others.<sup>14</sup> For example, not all carriers offer unlimited long distance due to the cost of providing such a service.

Given the variety of consumer choices available on the market, the ARC believes that service-specific data will be valuable to the Commission when evaluating future developments in voice service plan offerings. In lower-48 urban areas where the cost of service is low, the differences in cost between providing local vs. all-distance service, or measured vs. unlimited service may be negligible. However, providers such as the ARC members serving high-cost areas have no cost-effective alternatives other than to rely on expensive third-party networks to bring some of these services to their consumers.<sup>15</sup> To collapse these important distinctions in service into a single “national average” paints the picture of voice service in America with overly broad strokes. This approach is unnecessary given the comprehensiveness of other forms of data collected by the Commission in this survey, and the ease with which providers may report such data via the Commission’s internet reporting system.

The Commission seeks comment on its proposal to adopt a presumption that if a given provider is offering the same rates, terms and conditions to both urban and rural customers, that is sufficient to meet the statutory requirement that services be reasonably comparable.<sup>16</sup> The ARC wholeheartedly approves of this proposition. Such presumptions represent an example of

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<sup>14</sup> See *supra* note 6.

<sup>15</sup> *ARC Broadband Standards Comments* at 7 (“Satellite capacity is extremely expensive and non-scalable, and as capacity needs rise, satellite costs rise while satellite speed falls.”); *ARC USF I Comments* at 5-6 (Satellite is not a sufficient solution. The cost of acquiring a satellite middle mile facility is expensive and unreliable. . . These companies are poised to engage UUI/GCI in a formal negotiation of the price and conditions of access to the TERRA-SW Project, but UUI/GCI’s position seems to be that it can charge any rate it sees fit.”).

<sup>16</sup> *Transformation Order* at para. 1027; *Urban Benchmarks Public Notice* at para. 16.

regulatory flexibility and efficiency that will serve the interests of providers and the Commission alike.

**IV. Broadband Benchmarks Will Be Meaningless to Alaska Providers Without Adequate Support to Build out Middle Mile.**

The Commission seeks comment on its proposal to establish different benchmarks for different speed tiers so that providers offering substantially faster broadband service may certify their rates against a more comparable urban service.<sup>17</sup> The ARC agrees that establishing data capturing the variety of broadband speeds available is critical to meaningful evaluation of broadband rate comparability. The ARC strongly disapproves of the alternative proposal to establish a single nationwide broadband benchmark.<sup>18</sup> For many Alaska providers, including ARC members, affordable availability of the middle mile infrastructure necessary to provide *any* robust broadband service, let alone comparable or affordable broadband service, remains in question.<sup>19</sup>

Without adequate high-cost support to construct badly needed middle mile in the highest cost areas of Remote Alaska, as well as meaningful regulation of the middle mile currently available, the ability to meet even the most basic broadband benchmarks will remain out of reach for many ARC providers.<sup>20</sup> The ARC suggests that the Commission incorporate into its plan for broadband benchmarks an automatic exemption to these benchmarks for providers for whom the objective costs of service exceed the rate benchmarks. Such a proposal would only apply to providers in the very highest cost areas. It would ensure that providers serving extremely high-cost communities, who rely more than average Americans on telecommunications for access to

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<sup>17</sup> *Urban Benchmarks Public Notice* at para. 18.

<sup>18</sup> *Id.* at para. 19.

<sup>19</sup> *See supra* note 5.

<sup>20</sup> *Id.*

critical services such as education, emergency services, and healthcare,<sup>21</sup> would not illogically face loss of high-cost support for their failure to meet benchmarks that will only ever be possible in their service territories by means of high cost support. The ARC urges the Commission to avoid leaving behind rural areas such as Remote Alaska which continue to lack ubiquitous, robust broadband.

The Commission also seeks comment on how to use capacity limit data for determining reasonable comparability.<sup>22</sup> Given the emergence of usage-based broadband pricing, the ARC encourages the Commission to factor the availability of “rollover” practices and other flexible methods of providing customers data limit savings towards a provider’s compliance with benchmarks. This could be accomplished by making available a small rate discount in benchmark calculations for providers offering such benefits to their customers.

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<sup>21</sup> *ARC Broadband Standards Comments* at 3 (“The remote nature of these unserved locations in Alaska means that their residents have the greatest need for advanced telecommunications, especially regarding vital services like emergency response, telemedicine and distance learning.”); *see, e.g.*, Kim Severson, *Digital Age is Slow To Arrive in Rural America*, N.Y. Times, (February 17, 2011), *available at* [http://www.nytimes.com/2011/02/18/us/18broadband.html?pagewanted=all&\\_moc.semit](http://www.nytimes.com/2011/02/18/us/18broadband.html?pagewanted=all&_moc.semit) (“In rural America, only 60 percent of households use broadband Internet service.”); *see also Alaska Rural Telehealth Network*, <http://www.nrtrc.org/about/network-profiles/artn/> (last visited Sept. 13, 2012) “In Alaska, the healthcare workers practicing in hospitals, clinics, and community health centers are essential to the delivery of acute and primary care services to small, rural, and remote communities. Although the majority of Alaska’s population is located outside the greater Anchorage area, the majority of healthcare providers in Alaska (e.g., physicians, PAs, RNs, physical therapists) are located in its three largest cities. As a result, rural clinicians practice in a generalist’s environment, but where they often need to have specialty knowledge and expertise. This dichotomy is further complicated when you consider the limited opportunities for continuing education and access to specialty consultations available because of travel costs, geographical and weather restrictions, and a general lack of or inability to arrange for clinical coverage during absences.” *Id.*

<sup>22</sup> *Urban Benchmarks Public Notice* at para. 19.

**V. Conclusion.**

The ARC believes that the Commission's proposed methodologies for establishing benchmarks are clear and straightforward, and that the usefulness of such benchmarks will increase with their level of specificity. Collecting data reflecting different types of voice service and different broadband speed tiers remains essential to the ultimate efficacy of such benchmarks in determining reasonable comparability. Without the high-cost support necessary to build out middle mile in rural Alaska, or Commission action addressing the extremely high cost of existing middle mile, meeting even the Commission's lowest broadband benchmark will continue to be difficult for ARC members.

Respectfully submitted on this 28th day, September, 2012.

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