

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

In the Matter of)
)
Connect America Fund) WC Docket No. 10-90
) DA 13-69

REPLY COMMENTS OF ALASKA COMMUNICATIONS SYSTEMS

Alaska Communications Systems (“ACS”)¹ replies to comments filed in response to the Wireline Competition Bureau’s Public Notice in the above-captioned proceeding seeking comments on the design of the Remote Areas Fund (“RAF”).²

I. INTRODUCTION & SUMMARY

In its initial comments on the RAF Public Notice, ACS urged the Commission to restrict RAF support to those census blocks falling above the “very high cost” threshold that will be established by the Connect America Cost Model (“CACM”); and to shift the eligible telecommunications carrier (“ETC”) commitment to provide voice service meeting the Commission’s requirements to the RAF-funded provider.

Several other parties support ACS’s positions, as noted in these reply comments, recognizing that the cost of delivering voice and broadband services in remote areas of Alaska may exceed available RAF support by a substantial margin. ACS rebuts the notion advanced by Viasat and the Wireless Internet Service Providers Association (“WISPA”) that RAF recipients need not be subject to ETC requirements. WISPA members and satellite service providers do not provide credible justification for gaining

¹ In these comments, “Alaska Communications Systems” signifies the incumbent local exchange carrier (“ILEC”) subsidiaries of Alaska Communications Systems Group, Inc., which include ACS of Alaska, LLC, ACS of Anchorage, LLC, ACS of Fairbanks, LLC, and ACS of the Northland, LLC.

² *Connect America Fund*, WC Docket No. 10-90, Public Notice, “Wireline Competition Bureau Seeks Further Comment on Issues Regarding the Design of the Remote Areas Fund,” DA 13-69, 28 FCC Rcd 265 (Wir. Comp. Bur. 2013) (“Public Notice”).

access to subsidies but remaining exempt from the attendant public service obligations imposed on ETCs. Entities that are serious about serving rural Alaska should be willing to shoulder the same public service duties that incumbent local exchange carriers (“ILECs”) undertake.

ACS also responds to comments supporting targeted funding for middle-mile telecommunications infrastructure in Alaska. The Alaska Rural Coalition (“ARC”) and General Communication Inc. (“GCI”) make a strong case for dedicating funding specifically to construct Alaska middle mile infrastructure without which universal broadband and IP-based voice services at satisfactory performance levels will not be possible. However, such support should be added to, not in lieu of, support for deploying and operating last-mile infrastructure in very remote customer locations.

II. THE BUREAU SHOULD RESOLVE RAF AND CAF PHASE II DESIGN ISSUES IN THE SAME TIME FRAME, TO ENSURE ADEQUATE SUPPORT FOR UNDERSERVED AREAS SUCH AS ALASKA

ACS is eager to assist the Bureau with the design of the RAF, but urges the Bureau not to divorce planning for the RAF from ongoing decision-making about the Connect America Fund (“CAF”). ACS agrees with the comments of the United States Telecom Association (“USTelecom”) that the Bureau’s immediate priorities should be implementing CAF Phase I incremental support for 2013, and resolving the myriad of open issues for CAF Phase II.³ As USTelecom notes, the RAF is intended to be a “gap

³ Comments of the United States Telecom Association in WC Docket 10-90, Feb. 19, 2013 (“USTelecom Comments”), at 2, 5 (Bureau resources should be devoted to RAF only after completing CAF II design and identifying locations that will not be served through CAF II). *See also* Comments of General Communication, Inc. (“GCI”) in WC Docket 10-90, Feb. 19, 2013 (“GCI Comments”), at 1 (details of the RAF “cannot rationally be determined outside the context of the other elements of the [CAF], both fixed and mobile”).

filler,” ensuring affordable broadband will be made available to the small fraction of Americans – fewer than one percent nationwide – living in areas where broadband deployment costs are extremely high.⁴ Only after the CAF Phase II cost model is completed, and locations that will be supported under CAF Phase II are identified, does it make sense to define the areas where RAF will be made available, and how support will be distributed.

It is especially important that the RAF be designed to provide support that is *sufficient* for the delivery of voice and broadband services to locations in remote areas of Alaska that will remain unserved after the implementation of CAF Phase II. The cost of ensuring that such areas have access to broadband service at speeds of at least 4 Mbps downstream, 1 Mbps upstream (and 6 Mbps/1.5 Mbps in some locations), and within the capacity, latency and affordability parameters proposed by the Bureau for areas served through CAF support, *may well exceed available RAF support by a substantial margin* – unless the Bureau’s ultimate design of the CAF program results in reducing the cost of serving the customers targeted by the RAF.⁵ For example, ACS long has advocated increased support to Alaska under CAF Phase II to help fund middle mile facilities supporting broadband and IP-based voice services in remote communities that today are connected only by satellite or terrestrial microwave-based transport.⁶ If sufficient support

⁴ USTelecom Comments at 2 (*citing USF-ICC Transformation Order*, 26 FCC Rcd 17663, para. 1223 (2011)).

⁵ It also remains possible that the Bureau modifies these performance requirements for locations served through RAF, but permitting reduced service levels for Americans in remote areas should be a last resort, not an easy out.

⁶ *See Connect America Fund; High-Cost Universal Service Support*, Comments of Alaska Communications Systems, WC Docket Nos. 10-90 and 05-337 (filed Feb. 27, 2013); Letter (*Ex Parte* Notice) to Marlene H. Dortch, Secretary, Federal Communications Commission, from Richard Cameron, Assistant Vice President and

is provided under CAF Phase II to reduce transport costs to remote areas, and the number of locations left to be served through the RAF is not too great, then universal broadband availability would be far more achievable. Again, RAF cannot be developed in a vacuum – its success will be dependent on the design of CAF.

Both the ARC and GCI advocate dedicating funding to construct Alaska middle mile infrastructure, an idea that ACS wholeheartedly supports.⁷ The ARC goes so far as to argue that at least 25 percent of the RAF should be devoted to this purpose, however, and ACS questions whether this is the best source of middle mile funding.⁸ There is no question that without improved middle mile capability, universal broadband and IP-based voice services cannot be provided to remote Alaska locations at performance levels meeting the Commission’s standards. However, ACS urges that such support be made available in addition to, not in lieu of, support for deploying and operating local

Senior Counsel for Alaska Communications, *Developing a Unified Intercarrier Compensation Regime, et al.*, CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 03-109, 05-337, 07-135, and 10-90, WT Docket No. 10-208, and GN Docket No. 09-51 (filed August 28, 2012); Letter (*Ex Parte* Notice) to Marlene H. Dortch, Secretary, Federal Communications Commission, from Richard Cameron, Assistant Vice President and Senior Counsel for Alaska Communications, *Developing a Unified Intercarrier Compensation Regime, et al.*, CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 03-109, 05-337, 07-135, and 10-90, WT Docket No. 10-208, and GN Docket No. 09-51 (filed July 27, 2012); Letter to Marlene H. Dortch, Secretary, Federal Communications Commission, from Karen Brinkmann, Counsel for Alaska Communications Systems, *Request for Connect America Fund Cost Models*, Public Notice in WC Docket Nos. 10-90 and 05-337, DA 11-2026 (Wireline Competition Bur., rel. Dec. 15, 2011), Submitted Pursuant to *Second Protective Order* in WC Docket Nos. 10-90 and 05-337, DA 12-192 (Wireline Competition Bur., rel. Feb. 10, 2012), submitting the ACS model; *Request for Connect America Fund Cost Models*, Public Notice in WC Docket Nos. 10-90 and 05-337, DA 11-2026 (Wireline Competition Bur., rel. Dec. 15, 2011).

⁷ See GCI Comments at 4; Comments of the Alaska Rural Coalition in WC Docket No. 10-90, Feb. 19, 2013 (“ARC Comments”) at 5, 6, 15, 16.

⁸ See ARC Comments at 9.

infrastructure in very remote customer locations. The very limited size of the RAF at \$100 million suggests that those funds will be required in their entirety for local facilities, including remote switching and last-mile infrastructure. ACS urges the Bureau to consider devoting \$25 million or more from the CAF or Tribal Lands fund to helping develop Alaska middle mile facilities. Though this will only provide a fraction of the support that ACS believes will be needed, it will help increase the number of customer locations that ultimately will be reachable using the RAF.

USTelecom also makes the valid observation that eligibility for RAF support should not disqualify an ETC from support under any of the CAF programs, nor subject the recipient to any kind of “offset” requirement.⁹ Because each program targets a specific and unique type of investment, ETCs may use more than one form of high-cost support without duplicative spending. Given the very limited budgets for all of the high-cost programs, and for RAF in particular, compared to the cost of operating universal broadband networks, ETCs will need strong incentives to accept the new support and the responsibilities that come with it. As USTelecom observes, the Bureau should take care not to create disincentives to participate in any of the CAF programs.¹⁰

III. THERE IS NO EVIDENCE THAT SATELLITE OPERATORS OR WISPs ARE CAPABLE OF MEETING THE UNIQUE CONSTRAINTS OF SERVING ALASKA’S REMOTE UNSERVED LOCATIONS

Both GCI and the Alaska Rural Coalition (“ARC”) observe that satellite service historically has not been adequate to achieve parity between sparsely populated and more populous areas of Alaska. Satellite transport capability is widely employed in voice services today, but satellite-based broadband services (including ViaSat-1) are not

⁹ USTelecom Comments at 2-3.

¹⁰ *Id.* at 3.

available outside the most highly populated areas of Alaska.¹¹ Even the Regulatory Commission of Alaska (“RCA”) has observed the limits of satellite and fixed terrestrial wireless transport networks.¹² Without reliable, affordable and adequate coverage, even 911 calls may be at risk in remote areas of Alaska.¹³ Tele-medicine, distance learning, and other advanced services that are needed so greatly in these locations may continue to be out of reach if the only option is satellite or microwave technology. This should not be an acceptable result. WISPA asserts that it can cost-effectively serve remote areas for \$500 per subscriber but it has not offered any examples of wireless Internet service providers *in remote areas of Alaska* offering voice and broadband services at the performance levels contemplated by the Commission.

Rather than minimizing the difficulty of reaching customers in extremely high-cost areas, or hoping for miracles from an “alternative technology” yet to be proven in the challenging Alaska environment, the Bureau should take a thoughtful approach. The Bureau should maximize the benefits that can be conferred through CAF Phase II, as discussed above, and then develop a realistic plan for promoting broadband availability in the remaining unserved locations. RAF recipients must be subject to ETC obligations. Despite the protests of WISPA and Viasat,¹⁴ it would be irrational to continue requiring

¹¹ GCI Comments at 3. Viasat asserts that it can provide broadband at speeds as high as 12 Mbps downstream, 3 Mbps upstream, but it does not indicate that it can do so universally. Rather, it advocates allowing satellite providers to use RAF support to cherry-pick individual “bypassed” locations in an area that receives substantial service. Comments of Viasat, Inc. in WC Docket No. 10-90, Feb. 19, 2013, at 4, 10.

¹² ARC Comments at 23 (*citing* RCA Reply Comments in WC Docket No. 10-90, Jan. 7, 2013, at 6).

¹³ ARC Comments at 24.

¹⁴ Comments of Viasat in WC Docket No. 10-90, Feb. 19, 2013, at 15-16; Comments of WISPA in WC Docket No. 10-90, Feb. 19, 2013, at 2-3, 6.

common carriers to qualify as ETCs and undertake the obligations associated with that status, while allowing “alternative technology” providers to obtain support without the same obligations. ETC designation pursuant to Section 214(e) of the Communications Act has been a requirement for all recipients of high-cost support because it ensures accountability. It is consistent with the Act and FCC precedent to apply the same standards to all RAF and CAF recipients.

IV. THE PROCESS OF IDENTIFYING AREAS ELIGIBLE FOR RAF AND THE CHALLENGE PROCESS SHOULD MIRROR THE PROCESSES ADOPTED FOR CAF PHASE II

Viasat and WISPA urge reliance on the National Broadband Map (“NBM”) for determining areas eligible for RAF support, as well as assessing entities that provide broadband services sufficient to negate an area as eligible for support.¹⁵ The NBM is an appropriate determinant of RAF eligibility, but ACS submits that the issues surrounding eligibility and use of the NBM for CAF Phase II support apply equally for RAF support.

ACS continues to advocate that areas eligible for RAF support should be fixed in advance based on the NBM and established procedures.¹⁶ “By using the National Broadband Map as of a date certain – say, June 2012 – as the default for determining eligibility, the Bureau would create a far more stable environment in which eligible carrier can perform their necessary analyses and make thoughtful business decisions, and the Bureau can be sure that broadband access is truly available before removing an area

¹⁵ *See generally* Viasat Comments at 6-8 and WISAP Comments at 4-5.

¹⁶ *See generally* *Connect America Fund; Procedures Relating To Areas Eligible For Funding And Election To Make A Statewide Commitment In Phase II Of the Connect America Fund*, Comments of Alaska Communications Systems, WC Docket No. 10-90, DA 12-2075, DA 13-80 (filed Feb. 19, 2013) at 3-8, 11-12 (“ACS Feb. 19 Comments”).

from eligibility.”¹⁷ Also, in order to ensure maximum broadband coverage, areas should be deemed unserved for purposes of eligibility and support unless there is clear and convincing evidence that the entire area has access to broadband meeting the Commission’s minimum criteria, employing well defined challenge and rebuttal processes.¹⁸ Finally, areas eligible for RAF support should be assessed based on speeds measured in the NBM, using 6 Mbps downstream and 1.5 Mbps upstream as the proxy for the Commission’s goal for broadband speeds and allowing providers serving these areas to challenge an area is served by demonstrating they offer 4 Mbps downstream and 1 Mbps upstream speeds.¹⁹ While RAF support will reach far fewer consumers than CAF Phase II support, the processes for disbursing RAF support should be structured to provide the greatest certainty to carriers seeking such support and more importantly to ensure the greatest expansion of broadband service meeting the Commission’s goals as possible.

¹⁷ ACS Feb. 19 Comments at 5.

¹⁸ See ACS Feb. 19 Comments at 6.

¹⁹ See ACS Feb. 19 Comments at 8-10 and *Connect America Fund; Procedures Relating To Areas Eligible For Funding And Election To Make A Statewide Commitment In Phase II Of the Connect America Fund*, Reply Comments of Alaska Communications Systems, WC Docket No. 10-90, DA 12-2075, DA 13-80 (filed March 4, 2013) at 1-5.

V. CONCLUSION

For the foregoing reasons, the Bureau should design the RAF program in parallel with its work on the CAF Phase I and Phase II programs, and not prematurely steer the RAF in a direction that may produce inadequate support for Alaska's most hard-to-serve areas.

Respectfully submitted,

/s/

Leonard A. Steinberg
General Counsel and Corporate Secretary
Richard R. Cameron
Assistant Vice President and Senior Counsel
ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.
600 Telephone Avenue
Anchorage, Alaska 99503

Karen Brinkmann
Robin Tuttle
KAREN BRINKMANN PLLC
2300 N Street, NW
Suite 700
Washington, D.C. 20037
(202) 365-0325
KB@KarenBrinkmann.com

Counsel for ACS

March 18, 2013