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July 11, 2013

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: July 8 Meeting with Wireless Telecommunications Bureau Staff

Dear Ms. Dortch,

On Monday, July 8, 2013, members of the Alaska Rural Coalition (“ARC”) met with several staff members at the Wireless Telecommunications Bureau (“WTB”). Present from the WTB were Associate Bureau Chief Jane Jackson, Susan McNeil, Jeffrey Steinberg, Margaret Wiener, Kathryn Hinton and Jeremy Reynolds. I attended the meeting in person. Participating via telephone were Michael Burke (Burke Watson), Elizabeth Gray Nuñez (Dorsey & Whitney), Ken Bahr (Matanuska Telephone Association), Robert Dunn (TelAlaska), Clover McNeil (Arctic Slope Telephone Association Cooperative), Doug Neal (OTZ Telephone Cooperative), Steve Merriam (Arctic Slope Telephone Association Cooperative) and Susan Hardenbergh (AKT).

Our discussion focused on the Tribal Mobility Fund and the ARC members’ concern that few Alaska parties will be able to successfully bid for Phase II Auction funds. The ARC also provided the WTB information about broadband deployment in Alaska, including information about Alaska’s current lack of affordable middle mile infrastructure. We provided the attached power point presentation.

The ARC explained the significant financial barriers facing smaller carriers seeking to participate in the Tribal Mobility Reverse Auction, including the Letter of Credit requirement and substantial default penalties. The ARC members indicated that their lenders are either not issuing Letters of Credit (RUS), or are doing so under very limited cases (CoBank). The risk of incurring default penalties discourages small companies from making the investment in auction participation.

The ARC members also voiced their concern that the Commission is considering changing its definition of Alaska as 100% Tribal. The ARC emphasized its position that, when determining eligibility for Tribal Mobility funding, the Commission should use the definition of Tribal lands set

July 11, 2013
Page 2

forth in the *Transformation Order*, which includes “Alaska Native regions established pursuant to the Alaska Native Claims Settlement Act (85. Stat. 688).”¹

The ARC suggested that extending Tribal bidding credits to carriers such as member-owned cooperatives that serve majority Tribal areas would be an appropriate way to ensure that Tribal Mobility Funds reach the consumers who need them most. The ARC also raised the idea of an Alaska-specific Tribal Mobility bidding credit in the upcoming Phase II Auction. The ARC made clear that without some form of Alaska or Tribal credit, it is very likely that few Alaska parties will bid for or receive any Tribal Mobility funds. Without these funds, broadband deployment in Alaska will not progress beyond its current lack of middle mile infrastructure.

Regarding the broader picture of broadband deployment in Alaska, the ARC explained the fact that virtually all of the last mile of Alaskan ILEC networks are broadband capable, and that the sole missing component in connecting Remote Alaska to the digital age is adequate and/or affordable middle mile infrastructure. The ARC members provided examples of the difference in price for middle mile transport in Alaska and the Lower 48, and also illustrated the high cost of satellite transport in Alaska (giving the example that a T1 of satellite capacity can cost between \$10,000 and \$14,000 per month). The ARC further explained that even those areas of Alaska with some access to terrestrial middle mile often cannot afford the high price being charged for the capacity. For example, the cost of middle mile transport on the TERRA-SW network exceeds the cost of satellite transport.

Doug Neal also provided anecdotal information concerning consumer subsidy satellite programs’ lack of success in OTZ’s rural Alaska service area. Mr. Neal specifically discussed the loss of customers that OTZ initially experienced due to a consumer satellite program, and explained that OTZ has begun to see customers returning because of the satellite programs’ lack of available technical support. Mr. Neal communicated his belief that federal monies would be better spent providing lasting middle-mile infrastructure in rural Alaska than solely providing satellite subsidies.

Pursuant to Section 1.1206 of the Commission’s rules, a copy of this letter and our attachments are being filed via ECFS. If you have any questions or I may be of assistance, please do not hesitate to contact me.

¹ 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-a92, *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) at para. 481 (“*Transformation Order*”) at P. 125, n. 197. See also 47 C.F.R. §§ 1.2100 and 54.400(e) (defining tribal lands to include “Alaska Native regions established pursuant to the Alaska Native Claims Settlement Act”).

July 11, 2013
Page 3

Regards,

Shannon M. Heim

Enclosure

cc: Jane Jackson
Susan McNeil
Jeffrey Steinberg
Margaret Wiener
Kathryn Hinton
Jeremy Reynolds