

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

In the Matter of)	
)	
Modernizing the E-rate)	WC Docket No. 13-184
Program for Schools and Libraries)	
_____)	

REPLY COMMENTS OF THE ALASKA RURAL COALITION

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I. Introduction.

The Alaska Rural Coalition¹ (“ARC”) files its Reply Comments in this proceeding pursuant to the *Public Notice* issued by the Federal Communications Commission (“Commission”) on July 23, 2013 seeking comment on its Notice of Proposed Rulemaking proposing substantial changes to the E-rate program for schools and libraries (“NPRM” or “E-rate program”).² The ARC agrees with other rural and Alaska commenters that the Commission must consider Alaska’s current lack of sufficient and affordable middle mile telecommunications infrastructure when revising the E-rate program.³ The ARC also agrees with other commenters

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.; and The Summit Telephone and Telegraph Company, Inc.

² See *Modernizing the E-rate Program for Schools and Libraries*, Notice of Proposed Rulemaking, WC Docket No. 13-184 (July 23, 2013) (“*E-rate NPRM*”).

³ See *Comments of General Communication, Inc., in the Matter of Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184 (Sept. 16, 2013) (“*GCI Comments*”) at 8-9 (“To ensure that this critical long-haul, middle-mile transport component remains affordable as it contemplates other E-rate reforms, the Commission should create a Priority 0 for data transport (whether offered as telecommunications or Internet access) from rural communities to fiber-based aggregation points in urbanized centers.”); *Comments of the American Library Association, in the Matter of Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184 (Sept. 16, 2013) (“*ALA Comments*”) at 20 (“In many cases, the biggest hurdle to connecting libraries and schools with high-capacity fiber broadband is the one-time deployment cost, including the labor costs of digging trenches, running cables through conduit, installing remote terminal equipment, etc.”); *Comments by the State of Alaska Department of Education & Early Development & the Alaska State Library, in the Matter of Schools and Libraries Universal Support Mechanism*, CC Docket No. 02-6, WC Docket No. 13-184, before the FCC (Jan. 18, 2012) (“*Alaska Dept. of Ed. Comments*”) at 5-6 (“Fiber connectivity is not an option for more than half of the schools and libraries in Alaska at this time. More than half of the school districts and libraries in the State of Alaska are reliant upon satellite Internet connectivity to some degree.”).

that the Commission must carefully evaluate the effects of its proposed reforms to the E-rate program on schools and libraries in rural and remote areas.

The ARC membership consists of essentially all of the Rate of Return (“RoR”) incumbent rural local exchange carriers (“RLECs”) in Alaska, who share unified interests regarding the impacts of proposed changes in both the E-rate program and in universal service funding to the state. Many of the ARC companies provide some form of broadband service in the remote, high-cost areas of Alaska. Several ARC members provide E-rate services to schools and libraries in rural Alaska. The ARC urges the Commission to tread lightly and proceed gradually when crafting reforms that will affect institutions in rural and remote areas, since students and citizens in these areas have a greater need for access to web-based classrooms, online research and other digital learning applications.⁴ Reforms that may make sense for the Lower 48 may have unintended adverse effects for schools and libraries in Alaska and other insular areas. For instance, a transition to per-student funding of E-rate services could devastate schools and libraries in Alaska, who often serve very small student populations in very small villages. Similarly, schools and libraries in Alaska continue to depend on E-rate support of voice services to meet the daily communication needs of their students and parents. The ARC wishes to emphasize the importance of E-rate funding to the advent of the digital age in Alaska and

⁴ See, e.g., *Comments of Rene Martin for Haines Borough Schools, in the matter of Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184 before the FCC (Jan. 18, 2012) (“*Haines Borough Schools Comments*”) at 1 (“As teachers and staff, we use digital learning on a daily basis. As Alaska struggles with small school’s abilities to provide adequate classes for our students to achieve the education students need to compete in today’s world, digital classrooms are becoming more and more a norm.”); GCI Comments at 3 (“Broadband availability and affordability has been transformational to education throughout the state [of Alaska]. Rural schools rely on distance learning to satisfy No Child Left Behind standards, and, with statewide video conferencing capabilities, Alaska’s school districts provide students with opportunities not otherwise available.”).

other remote areas, and cautions the Commission that a disruption in E-rate support could set Alaska schools and libraries a generation further behind such institutions in the Lower 48.

II. The Commission Must Carefully Consider The Effect of Its Reforms On Rural Areas.

Throughout the E-rate NPRM, the Commission recognized that remote and rural areas may be affected differently by its proposed reforms than most areas of the country. Alaska parties have further made clear that substantial high-cost, E-rate and other forms of support will be needed to meet the Commission's goals for broadband access and speed in Alaska.⁵ The ARC therefore supports General Communication, Inc.'s ("GCI") proposal to create a "Priority O" for data transport from rural areas to fiber-based aggregation points in industrialized centers,

⁵ See *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 (Feb. 17, 2012) ("*RCA Reply Comments*") at 7 ("Extremely limited fiber facilities and lack of access to the Internet are unique to Alaska and require unique solutions."); *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) ("*ACS USF Comments*") 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."); *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 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 intertied power grid."); *ARC E-rate Comments* at ("Alaska has the lowest broadband penetration of any state in the nation, in part because Alaska lacks the necessary middle mile infrastructure to support adequate broadband service, and the reforms in high cost support implemented by the *Transformation Order* are reducing the support needed to build out this needed capacity. Providing broadband at speeds adequate for e-learning to many schools and libraries in Remote Alaska will require substantial, large-scale investment in terrestrial infrastructure.").

but cautions that “Priority 0” funding must include measures to ensure that facilities built for such data transport are available on a nondiscriminatory basis and at reasonable rates.⁶

Similarly, the ARC supports the American Library Association’s (“ALA”) proposal to deploy short-term fiber funding directed at bridging the infrastructure gap currently faced by schools and libraries in remote areas, but is concerned that such short-term funding must be carefully distributed and monitored to prevent E-rate funds from becoming subsidies for carriers’ private networks.⁷ Facilities built with either “Priority 0” funding, as proposed by GCI, or short-term fiber funding, as proposed by the ALA, must be carefully regulated and subject to the same accountability requirements that carriers must meet to be eligible for high-cost support. The public interest will not be served if carriers can continue to use E-rate funds to build unregulated, privately-held networks that can be used to leverage record profits for carriers.⁸ The ARC agrees with other Alaska parties that transitioning to per-student funding would have devastating effects on schools and libraries in remote and rural areas,⁹ and that support for voice services continues

⁶ *GCI Comments* at 8-9 (“To ensure that this critical long-haul, middle-mile transport component remains affordable as it contemplates other E-rate reforms, the Commission should create a Priority 0 for data transport (whether offered as telecommunications or Internet access) from rural communities to fiber-based aggregation points in urbanized centers.”).

⁷ *ALA Comments* at 20 (“One approach to address libraries’ and schools’ needs for greater broadband capability is to use the E-rate authority to allocate an additional amount of funding over a short period of time to support the deployment of ‘future-proof’ fiber broadband capacity to libraries and schools.”).

⁸ *See* Section II. A. below.

⁹ *See Alaska Dept. of Ed. Comments* at 14-15 (The “smallest and most remote locations could be harmed unless a very high per-student limit can be applied. We do not believe that per-pupil allocations should be used, but if they are then we believe the smallest schools and libraries in the most rural locations should have a minimum allocation. We estimate that this site minimum would be somewhere between \$100,000 and \$200,000 per site.”); *ALA Comments* at 16-17 (“Fifty-seven percent of America’s public libraries serve communities with fewer than 10,000 residents. Many, if not most, rural libraries pay disproportionately high costs for broadband services.”); *Comments of North Slope Borough School District Superintendent Peggy*

to be a key component of the E-rate program for schools that lack robust terrestrial broadband connections or other alternatives to voice telephony.¹⁰

A. A “Priority 0” for data transport from rural areas would address current limitations in E-rate funding, but any such priority must be cost-based.

The Commission recognizes that fiber connectivity to some schools or libraries may not be available, or may require very high up-front construction costs, and inquires about the most cost-effective solution for these problems.¹¹ Many schools and libraries in Alaska continue to lack access to sufficient high-speed broadband connections. Only 27% of schools and libraries

Cowan, in the Matter of Modernizing the E-rate Program for Schools and Libraries, WC Docket No. 13-184 (Sept. 12, 2013) (“North Slope Borough Comments”) at 2 (“We oppose per-student based funding because it fails to recognize high-cost service factors that impact rural and small schools. The North Slope Borough School District encompasses 89,000 square miles of wide-open territory that is dominated by tundra and wilderness. The NSBSD is the largest geographic school district within the United States. The district serves 1,891 students (PreK3 to 12) in 11 schools in 8 remote villages, none of which are connected by the road system.”).

¹⁰ *See Alaska Dept. of Ed. Comments at 5 (“Alaska’s schools and libraries are dependent upon voice at this time. An example of this would be the Aleutians East School District where it is not uncommon for all Internet service to be down for several hours, making basic phone service the only mode of communication with the rest of the world. Alaska recognizes that, as a nation, the way we communicate has shifted to a digital format. We ask that the Commission allow us time to plan for the elimination of all voice services by phasing out this funding over the course of 3-5 years so that districts that will remain dependent on voice services well into the future are able to reallocate funds to cover the entire costs of these services.”); ALA Comments at 15 (“We continue to support a phase-out program but wish to refresh the record with some additional recommendations that specifically acknowledge the impact on some of the rural and most remote library applicants. We have heard from a geographically diverse representation of the library community that an alternative to basic voice service is either not available, is still cost prohibitive or the broadband speeds are not fast enough to make VoIP a reliable solution.”); Comments of Anchorage School District Information Technology Executive Director Mike Fleckenstein, in the Matter of Modernizing the E-rate Program for Schools and Libraries, WC Docket No 13-184 (Sept. 12, 2013) (“Anchorage Comments”) at 1 (“Phone and voice services are still fundamental and critical tools in education for communicating with parents as well as supporting school alarm and security systems. Typically, economically disadvantaged households do not have broadband technology at home to receive information from schools and the phone is the primary method of communication.”).*

¹¹ *E-rate NPRM at para. 68.*

in Alaska have bandwidth at or above 50 Mbps, and those schools and libraries are generally located on a road system.¹² The ARC believes that investing in middle mile fiber in Alaska and other remote areas is essential to addressing this long-term need.

The Commission must consider specific solutions directed at remote areas in order to bridge this broadband gap and bring the Alaska's schools and libraries up to the Commission's target broadband speeds. The ARC therefore supports GCI's proposal to create a "Priority 0" for data transport from rural areas to the internet backbone.¹³ Such a priority would be implemented within the discount matrix structure, but would be reserved for schools and libraries that are classified as "rural" or "rural remote" under the National Center for Education Statistics' "urban-centric locale" codes.¹⁴ Establishing this priority would go a long way towards addressing the needs of schools and libraries in Alaska and other remote, insular areas where transport to fiber remains a significant portion of the cost of full broadband deployment.¹⁵

The ARC disagrees with GCI's position that "Priority 0" should not be combined with a cost model-based cap on rural transport rates. A cap or some form of greater regulatory

¹² *Alaska Dept. of Ed. Comments* at 2.

¹³ *GCI Comments* at 8-9.

¹⁴ *GCI Comments* at 9.

¹⁵ *Comments of the Alaska Rural Coalition, in the Matter of Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184 (Sept. 16, 2013) ("ARC Initial Comments") at 2 ("Some areas of Alaska lack the terrestrial middle mile fiber facilities necessary to provide reliable, 100Mbps high-speed broadband altogether, while others are served by monopoly middle mile facilities without a market or regulatory check on those facilities' pricing. Alaska's lack of affordable, regulated middle mile facilities makes it difficult for the ARC members and other smaller Alaska carriers to bid competitively for E-rate funding and undermines the E-rate program's cost-effectiveness in the state."); *GCI Comments* at 8 ("A key part of that [E-rate] support is for the hundreds or thousands of miles of transport necessary to connect villages in rural Alaska to fiber facilities in Anchorage. Even once in Anchorage, Alaska traffic must traverse fiber undersea cables for 1,400 miles to Tier 1 Internet backbones in Seattle and Portland.").

oversight on rural transport rates is necessary to control pricing for transport, especially in areas that currently lack a competitive market for transport. Without some cost-based controls on the cost of fiber transport, there is significant potential for waste, fraud, and abuse in the E-rate program. As the ARC explained in its initial comments, significant parts of Alaska are currently served by unregulated monopoly infrastructure.¹⁶ For example, the new TERRA-SW Project was constructed with \$88 million in BTOP grant and loan funds by United Utilities, Inc. (“UUI”), GCI’s wholly-owned subsidiary.¹⁷ ARC members have been quoted prices for transport over TERRA-SW that far exceed any reasonable costs, while GCI/UUI has reported record profits in connection with this facility.¹⁸ The ARC’s understanding is that UUI/GCI’s quote reflects the price it charges schools and libraries via the E-Rate program.

The ARC remains concerned that the prices GCI is charging schools and libraries for services may not reflect actual costs, and certainly do not reflect a competitive market for

¹⁶ *ARC Initial Comments* at 13-14 (“In Alaska, some carriers receive tens of millions of dollars in E-rate and rural health funding at inflated monopoly prices, and these carriers’ profits from E-rate contracts appear to cross-subsidize their entire business. Meanwhile, those carriers are counted as unsubsidized competitors despite their receipt of these funds. Not only does this pattern undermine the Commission’s goal of increased efficiency for carriers receiving high-cost support, it also undermines the cost-effectiveness of the E-rate program because there is virtually no competition or E-rate bids due to the inflated cost of middle mile transport.”).

¹⁷ GCI, *TERRA-SW: Project Overview* (Jan. 12, 2012), <http://terra.gci.com/project-overview> (“TERRA-SW is a historic investment that will provide the first ever high speed fiber optic and microwave connection to Southwest Alaska. The project will extend terrestrial broadband services to 65 communities and 9,000+ households in the Bristol Bay and Yukon Kuskokwim Delta regions.”). *See also* “GCI to Connect Southwest with Broadband,” *Alaska Journal of Commerce*, Jan. 15, 2012. (“At 10 a.m. Jan. 12, the first video teleconference served as a virtual ribbon cutting between Gov. Sean Parnell and Yukon Kuskokwim Health Corp. President and CEO Gene Peltola utilizing the new interface between the existing DeltaNet in Bethel and Terra-SW.”).

¹⁸ *See* Attachment A (TERRA-SW pricing information).

services.¹⁹ The “spillover effect” of E-rate and Rural Healthcare that GCI cites in connection with TERRA-SW reflects what the ARC members view as inappropriate cross-subsidization of GCI’s overall business operations through inflated prices charged through the E-rate and Rural Healthcare programs. Without some cost-based cap on E-rate pricing, this trend will continue to foreclose competition for E-rate contracts and in Alaska’s telecommunications market.

The ARC believes that it is important for carriers to somehow establish the relationship between the costs of services provided and the prices actually charged to E-rate customers. GCI’s concerns regarding the limitations of the Connect America cost model can easily be addressed by allowing carriers to demonstrate that their costs to provide service exceed the cost model’s caps.²⁰ Although the price cap cost model does not yet accurately reflect the cost of services in Alaska, the ARC supports any measures directed at bringing E-rate prices in line with the actual cost of services. Establishing a method by which carriers whose costs exceed the model’s cap can demonstrate that their bids are cost-justified will ensure that schools and libraries can access the services they need without diverting significant E-rate funding into the pockets of carriers who are charging prices well above the cost of providing services.²¹

¹⁹ *ARC Initial Comments* at 10 (“Alaska’s primary obstacle to providing high-speed broadband is lack of adequate infrastructure. However, where adequate infrastructure is in place, it is often an unregulated monopoly facility. For example, the new TERRA-SW Project was constructed with \$88 million in BTOP grant and loan funds by United Utilities, Inc. (“UUI”), General Communication, Inc.’s (“GCI” wholly-owned subsidiary. The ARC members who serve the area adjacent to the TERRA-SW Project have been provided a price by UUI/GCI for broadband capacity that far exceeds the cost of purchasing satellite backhaul and places it beyond the reach of rural carriers absent Commission support or regulatory intervention.”).

²⁰ GCI Comments at 11.

²¹ *See ALA Comments* at 17-18 (“Because of the disproportionately high cost for broadband service (when it is available) and the challenges rural libraries have in securing an E-rate bid for service (let along [sic] competitive bids), ALA proposes that rural applicants receive an additional five to ten percent discount. ALA is working on data modeling around rural costs for broadband services.”).

B. The Commission should focus E-rate support on fiber connectivity, but must support other technologies where fiber is not feasible.

The ARC appreciates the Commission's recognition that changes to the E-rate program will disproportionately affect carriers in remote and rural areas.²² As the ARC and other Alaska parties have explained for the record, many schools and libraries in Alaska currently depend on satellite, fixed wireless or dial-up connections to access the internet.²³ While the ARC believes that fiber connections are the only long-term solution to providing high-speed broadband in the majority of these locations, it is crucial that the Commission not penalize other technologies while shifting its focus to the deployment of fiber.²⁴ Unless the Commission prioritizes widespread deployment of middle mile infrastructure in Alaska through high-cost support, a significant portion of Alaska schools will not have the option of purchasing fiber connectivity through E-rate.²⁵ The ARC agrees with the ALA that such schools and libraries must receive

²² See, e.g., *E-rate NPRM* at para. 68.

²³ See, e.g., *Alaska Dep. of Ed. Comments* at 3 (“More than half of Alaska school districts rely to some degree on satellite connectivity. ‘In our case the quality is degraded by several factors due to the physics of satellite communications. There is a minimum latency of 550MS built into our connection.’”).

²⁴ See *Comments of the National Cable & Telecommunications Association, in the Matter of Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184 (Sept. 16, 2013) (“*NCTA Comments*”) at 9 (“While cable networks are extremely fiber-rich and cable operators often will deploy fiber directly to schools, there are some cases where installing fiber to a school will not be a cost effective option for delivering broadband service when all installation, maintenance, and equipment costs are considered.”). *Alaska Dept. of Ed. Comments* at 6 (“Where fiber is not available microwave connectivity becomes the terrestrial alternative for servicing communities of 300 or fewer people. But microwave connectivity is not available throughout many regions of Alaska, making satellite connectivity the only option. Prioritizing fiber connectivity would penalize locations where fiber is not an affordable or available option.”).

²⁵ See *Comments of the Alaska Rural Coalition Concerning the Remote Areas Fund*, WC Docket No. 10-90, before the FCC (Feb. 19, 2013) (“*ARC RAF Comments*”) at 4 (“Failing to build out key terrestrial transport in Alaska will consign many Alaskans living in our nation’s remotest areas to permanent second-class status as broadband consumers. Satellite will never

broadband-directed support for alternate forms of connectivity.²⁶

Due to the limitations of Alaska’s current broadband infrastructure, the ARC supports the ALA’s proposal to allocate short-term funding to support the one-time deployment of “future-proof” fiber broadband connectivity to schools and libraries.²⁷ The ARC agrees that one-time fiber deployment costs present one of the single greatest barriers to the Commission’s goals for broadband connectivity at schools and libraries.²⁸ However, the ARC is concerned that, unless carefully managed, such short-term funding could exacerbate the issue of inflated prices for E-rate services in areas where only one broadband provider is available.²⁹ The ARC suggests that the Commission adopt the ALA’s proposal for short-term funding directed at fiber deployment, but incorporate mechanisms to establish the relationship between actual costs for such buildout and prices charged to schools and libraries. Without appropriate accounting and regulatory

adequately replace the quality, speeds, dependability, and latency of terrestrial broadband.”); *Comments of General Communication, Inc. On Design of the Remote Areas Fund*, WC Docket No. 10-90, before the FCC (Feb. 19, 2013) at 3 (“*GCI RAF Comments*”); *Comments of Alaska Communications Systems, Inc.*, WC Docket No. 10-90, before the FCC (Feb. 19, 2013) at 5 (“*ACS RAF Comments*”) (“As discussed above, because of its forbidding climate and topography, Alaska faces a dearth of terrestrial transport facilities and unique challenges in deploying the additional facilities that would be necessary to handle the increased load created by broadband. Alaska’s extreme northern location presents challenges even for satellite-based transport options.”).

²⁶ *ALA Comments* at 12 (“Although fiber is the medium of choice, we realize that in remote areas (e.g., in many parts of Alaska) the cost of fiber installation is likely prohibitive. For such libraries, alternative forms of connectivity (e.g., terrestrial wireless, satellite) must still be viewed as high-end broadband technologies and still be supported services.”).

²⁷ *ALA Comments* at 20-21.

²⁸ *ARC Initial Comments* at 9-10 (“Alaska parties concur that satellite’s latency will never support high-capacity services such as distance learning. Alaska’s primary obstacle to providing high-speed broadband at the Commission’s desired targets for schools and libraries is lack of adequate infrastructure.”).

²⁹ *ARC Initial Comments* at 11 (“The ARC supports setting reasonable price ceilings for E-rate bids based on costs where the market lacks competition to serve that function.”).

oversight, such a short-term funding program could exacerbate the problems associated with unregulated monopoly infrastructure that the ARC has identified, chief among them being waste, fraud, and abuse.³⁰

C. Distributing E-rate funding on a per-student or per-building basis could devastate Alaska schools and libraries.

The ARC agrees with other rural commenters that distributing E-rate support on a per-student or per-building basis could devastate schools and libraries in Alaska.³¹ The State of Alaska Department of Education highlights this point with data: “32 of our 54 school districts have an enrollment of less than 500 students and 7 of our 54 school districts have an enrollment of less than 100 students.”³² While distributing E-rate funding per student or building may make sense for schools and libraries in urban areas, Alaska institutions generally serve small student populations. The ARC is concerned that a per-student or per-building mechanism would bias the

³⁰ *ARC Initial Comments* at 11.

³¹ *See Alaska Dept. of Ed. Comments* at 14-15 (The “smallest and most remote locations could be harmed unless a very high per-student limit can be applied. We do not believe that per-pupil allocations should be used, but if they are then we believe the smallest schools and libraries in the most rural locations should have a minimum allocation. We estimate that this site minimum would be somewhere between \$100,000 and \$200,000 per site.”); *ALA Comments* at 16-17 (“Fifty-seven percent of America’s public libraries serve communities with fewer than 10,000 residents Many, if not most, rural libraries pay disproportionately high costs for broadband services.”); *Comments of North Slope Borough School District Superintendent Peggy Cowan, in the Matter of Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184 (Sept. 12, 2013) (“*North Slope Borough Comments*”) at 2 (“We oppose per-student based funding because it fails to recognize high-cost service factors that impact rural and small schools. The North Slope Borough School District encompasses 89,000 square miles of wide-open territory that is dominated by tundra and wilderness The NSBSD is the largest geographic school district within the United States The district serves 1,891 students (PreK3 to 12) in 11 schools in 8 remote villages, none of which are connected by the road system.”); *Sitka School District Comments to E-Rate NPRM*, WC Docket No. 13-184 at 2 (Sept. 16, 2013) (“How can the same amount of E-Rate funds be re-allocated in a per student manner that would not devastate rural schools, even when considering a floor and a higher per student allocation?”).

³² *Alaska Dept. of Ed. Comments* at 1.

E-rate program overall towards greater support in urban areas and less support for schools in rural areas, which have a greater need for distance-learning and other internet-based educational applications.

The ARC agrees with GCI that a per-student or per-building cap would “inherently discriminate against rural areas.”³³ If the Commission chooses to structure the E-rate program on a per-student basis, it is crucial that there be a rural “floor” below which student population is no longer relevant to the amount of funding a school receives. Schools in Alaska need the same core fiber and other technologies to serve a population of 10 students as to serve a population of 200 students. Some broadband costs are simply fixed no matter how few students a school serves. A per-student or per-student cap that did not somehow account for schools in rural and remote areas would deny support to the areas that need it most and permanently disadvantage students and citizens in rural areas. The ARC believes that this would be contrary to the Commission’s promise of universal service.³⁴

D. Many Alaska schools and libraries continue to depend on voice services.

The ARC cautions the Commission that many schools and libraries in Alaska and other rural areas continue to depend on voice services as a key component of the technology they use. Many school systems depend on E-rate supported voice for communicating with parents regarding attendance, school safety and other essential notifications, and even to provide the fundamental infrastructure for DSL and other low-bandwidth internet connections.³⁵ There is no

³³ *GCI Comments* at 12.

³⁴ *Transformation Order* at paras. 64-65.

³⁵ *Anchorage Comments* at 1 (“Phone and voice services are still fundamental and critical tools in education for communicating with parents for attendance, school safety, and other essential notifications as well as supporting school alarm and security systems.”); *Alaska Dept. of Ed. Comments* at 10 (“While we agree that the elimination of voice services in general . . . is

guarantee that the technology or infrastructure necessary to replace these services will be available immediately or even within several years.³⁶ The ARC therefore proposes waiting to phase out any E-rate supported services, especially voice services, until at least 2016.³⁷

The ARC suggests that the Commission gather data and monitor the amount of voice services consumed by schools and libraries, and whether those institutions have alternatives to voice services, before phasing out support. The ARC believes that voice services should continue to be supported as part of a bundle with high-speed broadband and other technologies.³⁸ If the Commission chooses to completely phase out voice services, it must do so very gradually to give schools and libraries time to adjust their budgets and spending plans.³⁹ The ARC agrees with the State of Alaska that locations relying on satellite broadband should be exempt from any phase-out of voice services, since such schools and libraries will continue to depend on a voice

in the best interest of program modernization, we stress that *extreme rural remote* locations (those schools or libraries off the road system) consider voice service as relevant today as they did when the program began . . .”).

³⁶ *ALA Comments* at 15 (“We have heard from a geographically diverse representation of the library community that an alternative to basic voice service is either not available, is still cost prohibitive or the broadband speeds are not fast enough to make VoIP a reliable solution.”).

³⁷ *E-rate NPRM* at para. 111.

³⁸ *See ARC Initial Comments* at 12 (“[T]here is no guarantee that the technology or infrastructure necessary to replace phased-out services, for example, dial-up connections in schools and libraries, will be available immediately or even within several years. The ARC therefore proposes waiting to phase out any E-rate supported services until at least 2016.”). *See also ALA Comments* at 15 (“Libraries located in areas where alternatives to POTS are either not available or cost prohibitive . . . should be designated as ‘exempt’ and should be able to receive support for an application requesting POTS.”).

³⁹ *NCTA Comments* at 11 (“While in general the Commission should move toward focusing E-rate support to provide broadband to students and library patrons, it should be mindful of the effect a flash cut elimination of stand-alone voice service support could have on school and library budgets. Therefore, if the commission chooses to reduce support for stand-alone voice services, it should do so gradually to allow schools and libraries to adjust their spending plans . . .”).

connection for public safety and communications needs.⁴⁰ It is critical that schools and libraries not lose the ability to contact the outside world regardless of their technology capabilities.

III. Conclusion.

The ARC agrees with other commenters that reforms to the E-rate program are necessary and timely. However, the Commission must ensure that these reforms do not disadvantage rural and remote areas, where schools and libraries have the greatest need for broadband technology and digital services. The ARC encourages the Commission to proceed with caution and carefully evaluate effects on rural areas as it proceeds with the E-rate Notice of Proposed Rulemaking.

Respectfully submitted on this 8th day, November 2013.

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⁴⁰ *ALA Comments* at 15 (“Libraries located in areas where alternatives to POTS are either not available or cost prohibitive . . . should be designated as ‘exempt’ and should be able to receive support for an application requesting POTS.”).