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Ex Parte Notice

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

Re: April 8- 9, 2014 Meetings with Commission Legal Advisors

Dear Ms. Dortch,

On Tuesday, April 8, 2014 and Wednesday, April 9, 2014, members of the Alaska Rural Coalition (“ARC”) met with the legal advisors to the FCC Commissioners. Attending in person from the ARC were myself, Dave Dengel (Copper Valley Telecom), Dan Lindgren (Ketchikan Public Utilities), Brian Fisher (Copper Valley Telecom Board Member); Jason Hoke (Copper Valley) and Chester Ballot (OTZ Telephone Cooperative Board Member). Attending telephonically from the ARC were Michael Burke (Burke Watson), Elizabeth Gray Nuñez (Dorsey & Whitney), Steve Merriam and Clover McNeil (Arctic Slope Telephone Association Cooperative), Wanda Tankersley and Christine O’Connor (Matanuska Telephone Association), Brenda Shepard and Bob Dunn (TelAlaska), Doug Neal and Carl Weisner (OTZ Telephone Cooperative), Michael Garrett (Alaska Power & Telephone) and Susan Hardenbergh (AKT on behalf of OTZ Telephone Cooperative).

Our discussion focused on current and upcoming Commission initiatives relevant to the ARC. We discussed the attached presentation.

The ARC explained its concerns related to the Commission’s rule on unsubsidized competitors and the potential changes that may be under consideration. The ARC believes the possible inclusion of wireless carriers in the Commission’s definition of an unsubsidized competitor contradicts the public interest. The unsubsidized competitor rule will have a disproportionate effect in Alaska, where wireless carriers depend on the underlying infrastructure of wireline carriers for backhaul and other support, and wireless service cannot provide the same quality or robustness as wireline connections, particularly for video and other high-bandwidth applications. Wireless carriers do not have the same regulatory obligations as wireline carriers, and can therefore cherry-pick the most profitable areas to serve, leaving less densely populated areas out in the cold. The ARC discussed the role of E-rate, Rural Health, and other federal subsidy programs in the definition of an unsubsidized competitor. Although these programs are siloed within the Commission’s Universal Service Program, the individual support mechanisms must all be taken into account when evaluating a carrier’s overall position in the market. The ARC explained its position that a carrier should only be considered unsubsidized if it receives no

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support from *any* federal programs, including E-rate and Rural Health. Although the unsubsidized competitor rule is currently directed at price cap carriers, the ARC expressed its concern that this policy will eventually be applied to Rate of Return carriers.

The ARC discussed Alaska's broadband gap and the fact that satellite cannot provide an adequate substitute for terrestrial middle mile in the state. We explained that Alaska's unique history of telecommunications deployment and subsidization makes many Commission initiatives aimed at the Lower 48 inappropriate for Alaska and its consumers. We also discussed the fact that most rural carriers, including the ARC members, are precluded from participation in Mobility auctions because of the Commission's requirement that bidders obtain an irrevocable Letter of Credit ("LOC"), which are unavailable from the Rural Utilities Service, the primary lender to small rural carriers.

We also discussed the ARC's proposal that the Commission set aside specific funds aimed at construction of middle mile in Alaska and other rural Tribal areas. The ARC indicated that, while it has proposed that such set-aside funds be taken from the Remote Areas Fund, the ARC believes the Remote Areas Fund may not be the only source of this funding. The ARC emphasized its position that, regardless of the source, it is critical that funding for such infrastructure be tied to regulatory obligations, particularly regarding wholesale pricing over such facilities for other carriers.

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

Regards,

s/ Shannon M. Heim  
Shannon M. Heim

Enclosure

cc: Priscilla Delgado Argeris  
Rebekah Goodheart  
Amy Bender  
Nicholas Degani