Alaska Rural Coalition

April 2014

Alaska's Broadband Gap Remains Unaddressed

- Alaska's broadband penetration is the lowest of any state
- The majority of Alaska still lacks terrestrial middle mile fiber facilities
- Affordable middle mile is needed to link existing last-mile networks to the larger Internet backbone
- Satellite is not a sufficient long-term solution
- Current funding solutions have not addressed Alaska's needs

Remote Areas Fund

- The ARC supports the FCC's proposal to carve out funds for trials of middle mile buildout on Tribal Lands
- Commenters have made clear that consumer subsidies for satellite are not a workable use of the RAF
- Trying to fit Alaskan carriers into mechanisms designed for the Lower 48 ultimately disadvantages Alaskan consumers
- Alaska parties agree that large-scale build-out of middle mile is needed and that they are unlikely to receive adequate funding in reverse auctions

Support for Middle Mile on Tribal Lands Must be Carefully Structured

- Carriers who receive these funds must have obligations to the public
- Facilities must be available to other carriers at reasonable, regulated rates
- The ARC is concerned that federal funds have been used in Alaska to build unregulated monopoly facilities (i.e., TERRA)

Unsubsidized Competitor Issues

- The ARC supports Alaska Communications Systems, Inc.'s ("ACS") Application for Waiver of Paragraph 41 of the Phase II Service Obligations Order
  - Paragraph 41: WCB states that it will entertain challenges from any competitive ETC regarding whether an area is served by an unsubsidized competitor for purposes of an area's eligibility for Phase II high-cost support
- Paragraph 41 invites General Communication, Inc. ("GCI") to challenge and disqualify a number of areas in Alaska that are also served by ACS from Phase II support on the basis that GCI is an unsubsidized competitor serving those areas
- The ARC is concerned about potential application of this policy to Rate of Return carriers– the results would devastate competition in Alaska
- Companies whose affiliates receive federal support should also not be considered "unsubsidized"

Unsubsidized Competitor Definition: E-rate and Rural Health

- The Commission should factor a carrier's receipt of E-rate, Rural Health, and other federal funding sources into its evaluation of whether a carrier is an unsubsidized competitor
- For example, GCI cites a "spillover effect" of E-rate and Rural Healthcare on its other businesses in connection with TERRA-SW, reflecting the cross-subsidization of GCI's overall business through these programs
- A carrier receiving millions of dollars in federal funds should not be considered unsubsidized

Unsubsidized Competitor Definition: Wireless Carriers

- The ARC is concerned that the Commission is considering expanding the definition of unsubsidized competitor to wireless carriers
- A wireless carrier should be required to cover the same area and meet all the same criteria as the landline carrier, including COLR responsibilities and other state regulatory obligations
- The ARC is concerned that the inclusion of wireless carriers will ultimately preempt state regulation by making the wireless carrier the only survivor in some rural areas

Regulatory Timing Issues

- Timing of CETC Support Phasedown
- Mobility II Timing