

**Before the
Federal Communications Commission
Washington, D.C. 20554**

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| In the Matter of |) | |
| |) | |
| Connect America Fund |) | WC Docket No. 10-90 |
| |) | |
| Universal Service Reform – Mobility Fund |) | WT Docket No. 10-208 |
| |) | |

To: The Commission

Comments of Cordova Wireless Communications, LLC

Cordova Wireless Communications, LLC (“Cordova”), by its attorneys, hereby submits its comments in response to the Federal Communications Commission’s (“FCC” or “Commission”) Further Notice of Proposed Rulemaking¹ in the above-captioned proceeding. Specifically, Cordova limits its comments to issues related to Mobility Fund Phase II, noting that high-cost federal universal service support is vital to Alaskan mobile wireless carriers such as Cordova,² and the Commission must ensure that its decisions related to Mobility Fund Phase II do not result in harm to existing mobile wireless services in Alaska. To that end, the Commission should ensure that adequate high-cost support continues to be made available to

¹ *Connect America Fund*, WC Docket No. 10-90; *Universal Service Reform – Mobility Fund*, WT Docket No. 10-208; Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54 (rel. June 10, 2014) (“*FNPRM*”).

² Cordova is a competitive eligible telecommunications carrier (“CETC”), designated by the Regulatory Commission of Alaska (“RCA”), that receives support from the High Cost and Low Income Programs of the federal Universal Service Fund (“USF”). Cordova provides wireless telecommunications service in a rural Alaska service area that is both remote and extremely challenging to serve. Cordova’s service area contains mountains, water, and islands that make its facilities difficult to reach even in the optimal summer months of the year and next to impossible during the harsh Alaskan winter. The service Cordova provides is essential to those who live, work, and travel through Cordova’s service territory and the E911 access it provides is vital to the lives and safety of the many hikers, fishermen, and others who rely on wireless service as a lifeline to potential assistance in emergencies.

carriers in Alaska that have proven themselves capable of providing life-saving mobile services in some of the most remote and extreme places on the planet.

I. The Commission Must Make Adequate Universal Service Support Available to Ensure the Continued Viability of Mobile Wireless Service in Alaska

In the *USF/ICC Transformation Order*, and for the first time ever, the Commission created a separate mechanism to provide universal service support for mobile broadband services – the Mobility Fund. The FCC concluded that it would disburse support in two Phases: in Phase I, the Commission awarded one-time funding to jump-start the deployment of advanced wireless networks using a budget of \$300 million; and in Phase II, the FCC plans to disburse ongoing support aimed at expanding *and sustaining* mobile broadband services. The Commission initially planned to have a budget of \$500 million for Phase II of the Mobility Fund. However, “[g]iven marketplace developments,” the FCC believes that “the areas requiring support to preserve and advance mobile services appear to be less extensive than [it] anticipated in 2011,”³ and therefore, proposes to adjust the Phase II budget downward. The “marketplace developments” that the Commission is referring to are the buildouts of 4G LTE networks by the two largest nationwide mobile wireless providers, AT&T and Verizon Wireless. Cordova agrees with the FCC that there is no point to allocating funding where it is no longer needed, but cautions the FCC to rely on facts and the record, rather than mere statements, in determining where high-cost support is both needed and not needed.

Based on February 2014 disbursement data, the Commission estimates that, in total, wireless competitive CETCs are receiving about \$590 million in support on an annualized basis, with about \$185 million going to two of the largest national mobile wireless providers. The

³ *FNPRM* at ¶243.

Commission estimates that roughly \$400 million is going to smaller and regional wireless providers, of which “approximately \$71 million is going to wireless competitive ETCs in remote areas in Alaska.”⁴ Since the Commission is justifiably approaching high-cost support for wireless carriers as a budget concern, Cordova suggests that examining the efficacy and need for support flowing to the large, nationwide carriers is the first step. Cordova cautions the Commission not to simply make an arbitrary cut in mobile funding at this time. With a stated goal to “preserve and advance” mobile service in high-cost areas,⁵ the Commission must take the time to assess how much actual funding is necessary to achieve this goal. Further, cutting support to small, rural carriers that, unlike large carriers, cannot internally subsidize their high-cost areas, does not make sense.

Cordova supports a Mobility Fund Phase II mechanism that will (1) ensure the continued availability of existing mobile broadband services in high-cost, remote areas in Alaska and (2) help mobile wireless providers bring 4G LTE services to areas in Alaska where none exist now or only second- and third-generation service is available. The Commission needs to determine how much support is needed in remote Alaskan areas, as well as areas served by small, rural mobile carriers throughout the United States, before reducing its \$500 million budget that includes \$100 million for Tribal areas. While the actual figure needed to preserve and advance mobile service in high-cost areas may indeed turn out to be roughly \$400 million per year, we simply do not know that yet based solely on a “snapshot” of current CETC funding levels. It may turn out that less high-cost support is needed once large, nationwide carriers do not receive

⁴ FNPRM at footnote 449.

⁵ FNPRM at ¶ 2.

such support and the FCC eliminates support where support is not needed, but it is premature to make such budget cuts at this point.

In the *USF/ICC Transformation Order*, the FCC recognized Alaska’s geographic characteristics and the challenges of providing mobile wireless service in the state.⁶ Cordova urges the Commission to keep these considerations in mind when it structures Phase II of the Mobility Fund. Lumping in mobile wireless providers that serve remote areas of Alaska with large providers serving the continental U.S. is a recipe for disaster. The result of the first Mobility Fund reverse auction makes this point. Mobile wireless providers serving Alaska were awarded \$3 million of the available \$300 million in Mobility Fund Phase I support, or 1% of the total. As the Alaska Telephone Association pointed out to the Commission in February 2014, “[a] comparable result in the Mobility Fund Phase II auction for \$500 million would reduce current annualized CETC high-cost support in Alaska from \$105 million to \$5 million, which would destroy wireless service in remote Alaska.”⁷ Simply put, a support mechanism that may make sense for the contiguous 48 states may not make sense for Alaska.

The unique characteristics of Alaska place Alaskan providers on different footing in reverse auctions. For example, in Mobility Fund Phase I, the Commission used road miles as the bidding units. Many remote areas in Alaska do not contain a large number of roads. This characteristic could have a negative impact on bidders from Alaska. In the Tribal Mobility Fund Phase I, for which much of Alaska was eligible, the reverse auction bidding units were based on

⁶ “We appreciate and recognize that Alaska faces uniquely challenging operating conditions, and agree that national solutions may require modification to serve the public interest in Alaska.” *USF/ICC Transformation Order* at ¶507.

⁷ Letter from Jim Rowe, Executive Director, Alaska Telephone Association, to the Honorable Tom Wheeler, Chairman, FCC, WC Docket No. 10-90 (Feb. 25, 2014).

population instead of road miles because many Tribal areas often do not contain a large amount of roads. Alaskan carriers fared better in this auction.

Accordingly, Cordova supports a separate and tailored funding system for remote areas of Alaska. It is the only way to ensure that sufficient universal service support is provided to mobile wireless providers serving Alaska. A separate funding system for Alaska should provide, on an annual basis, an amount no less than the amount of CETC support that is currently distributed to Alaska. This support will ensure that existing services continue to be available in Alaska and each and every mobile network in Alaska receives the necessary funding to remain in operation, build out and upgrade, and continue providing vital services throughout Alaska.

II. The Commission Should Freeze Competitive ETC Support in Alaska Until After the Implementation of an Alaska Support System

In the *USF/ICC Transformation Order*, the FCC recognized Alaska's geographic characteristics and the challenges associated with providing mobile wireless service in the state. Accordingly, the FCC determined that the phase-down of legacy support should be delayed for wireless providers serving remote areas of Alaska. In the *FNPRM*, the FCC has again proposed a delayed phase-down of legacy USF support for competitive ETCs serving remote areas of Alaska. The FCC proposes to maintain the baseline frozen support for each competitive ETC serving remote areas in Alaska until the latter of (1) the first month after the month in which its Mobility Fund Phase II or Tribal Mobility Fund Phase II ongoing support is authorized in the case of a winning bidder of such Mobility Fund Phase II support, or (2) the first month after the month in which a Public Notice announces winning bidders for ongoing support under Mobility Fund Phase II or the Tribal Mobility Fund Phase II, but only for a competitive ETCs that is not a

winning bidder of such Mobility Fund Phase II or Tribal Mobility Fund Phase II support.⁸ While Cordova commends the Commission for making the decision to delay the phase down of Alaska competitive ETCs' legacy support, Cordova notes that any phase-down of support should commence only after 50 percent of Phase II funds have been disbursed to carriers. Disbursement of at least 50 percent of the Phase II funds will ensure the phase-down of legacy support does not re-start until Phase II replacement support is realized by winning bidder carriers or, in the case of non-winning bidders, such bidders have had sufficient time to seek replacement funding and plan accordingly.⁹

Cordova also commends the Commission for recognizing that remote areas of Alaska present unique challenges. As explained above, Cordova supports the creation of a separate support system for remote areas of Alaska. In fact, Cordova is uncertain whether competitive bidding for high-cost support in Alaska will work to preserve and advance universal service.¹⁰ Robust, fail-safe wireless networks are a lifeline in rural Alaska. Competitive bidding in Alaska risks the deterioration and eventual loss of once robust and vital mobile networks considering the extent to which rural Alaska mobile carriers rely on high-cost support to both maintain and expand their networks. The Commission should commit to freezing competitive ETC support in Alaska until after the creation and implementation of an Alaska support system. Indeed, following the end of the *FNPRM*'s comment cycle, the Commission should immediately

⁸ *FNPRM* at ¶257.

⁹ See *Connect America Fund et al.*, WC Docket No. 10-90; GN 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; WT Docket No. 10-208, Ex Parte Letter of the Rural Wireless Association, Inc. (April 14, 2014).

¹⁰ Cordova suggests that current funding levels should be maintained in Alaska for all small, rural Alaskan CETCs.

announce a freeze CETC support for mobile wireless carriers serving remote areas of Alaska. Prompt action by the Commission will give carriers the regulatory certainty they need to begin planning how they will maintain and advance services under a new Alaska support system.

III. Cordova Supports the Commission's Proposal to Support Middle Mile Infrastructure in Alaska

In the *FNPRM*, the Commission seeks comment on the Alaska Rural Coalition's ("ARC") middle mile support plan, which calls for \$25 million of support annually for at least five years to construct middle mile infrastructure in Alaska, along with \$10 million in annual support to purchase access to existing middle mile infrastructure.¹¹ Additionally, the Commission proposes middle mile support for Tribal areas. Cordova applauds the Commission's decision to address middle mile problems, especially in Alaska where middle mile issues are acute and costly. Distances in Alaska bring a new and much more expansive definition of "country mile" with them. FCC policies should reflect this and the FCC's proposals to support middle mile infrastructure in Alaska and Tribal areas are a good start. Cordova enthusiastically supports the Commission's proposal to support the costs of providing middle mile service in Alaska.

Due to the extreme geographic characteristics of Alaska, there is a limited amount of middle mile communications infrastructure in Alaska, the costs of using that infrastructure are high, and the costs of deploying new middle mile infrastructure are even higher.¹² Cordova has worked with local wireline providers to provide solutions for the transport of mobile calls across

¹¹ See *FNPRM* at ¶¶300-308.

¹² See Alaska Communications Systems March 28, 2014 Ex Parte Letter and GCI January 16, 2014 Ex Parte Letter.

Alaska and welcomes the FCC's inquiry into helping fund such endeavors. Connecting remote and clustered populations throughout Alaska should remain a Commission priority.

IV. The Commission Must Clearly Explain How it Will Deny Support for Areas Where AT&T and Verizon Provide 4G LTE Service

The FCC proposes that support should not be provided in areas where AT&T and Verizon Wireless currently provide 4G LTE service.¹³ Cordova suggests that the Commission provide clear guidance on how it will apply this rule. Cordova currently provides roaming services to AT&T throughout its licensed service area, and AT&T advertises the availability of AT&T service in Cordova's service area.¹⁴ Cordova is the main reason AT&T can make this claim. Obviously, Cordova should be eligible for support, as should other non-nationwide carriers, where AT&T and Verizon are using the smaller carriers' underlying networks. The Commission should not deny Mobility Fund support for areas where AT&T and Verizon claim they can provide service or claim they intend to provide service at some time in the future, but do so only through roaming.

The Commission should specify that, in order to render an area ineligible for Mobility Fund Phase II support, a 4G LTE network should be operated by Verizon or AT&T or an affiliate of each using facilities that are owned or managed by Verizon or AT&T or an affiliate of each. In addition, the Commission should specify that the 4G LTE networks of small and regional providers that rely on leases of Verizon or AT&T spectrum and/or that use Verizon or AT&T merely for core 4G LTE equipment and switching would not render an area ineligible for

¹³ FNPRM at ¶ 239.

¹⁴ See AT&T Domestic Wireless Coverage, available at http://www.att.com/maps/wireless-coverage.html#fbid=FU-YI_wdUJ1.

Mobility Fund Phase II support. Basically, the carrier that is ultimately serving the high-cost customer should be awarded the targeted, high-cost support.

V. Conclusion

Mobile services in Alaska are unlike mobile services in any other state. There are vast distances to cover, middle mile challenges, and exceptionally high construction costs due to extreme weather. These inherent mobile network challenges also make mobile services a crucial ingredient in public safety for people living in and traveling in Alaska. For the reasons discussed herein, Cordova urges the Commission to take a long, hard look at its Mobility Fund mechanisms as it moves forward in this proceeding.

Respectfully submitted,

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