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

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
Universal Service Reform – Mobility Fund	)	WT Docket No. 10-208
	)	
ETC Annual Reports and Certifications	)	WC Docket No. 14-58
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
	)	
Developing an Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	

COMMENTS OF VIRGIN ISLANDS TELEPHONE CORPORATION D/B/A INNOVATIVE TELEPHONE

Virgin Islands Telephone Corporation ("Vitelco") d/b/a Innovative Telephone, by its undersigned counsel, respectfully submits the following comments in response to the *Connect America Fund Phase II FNPRM*[1] in the above-captioned dockets.

I. INTRODUCTION

Vitelco is the incumbent local exchange carrier serving the territory of the United States Virgin Islands ("USVI"). Vitelco serves customers principally on the islands of St. Croix, St. John, and St. Thomas, as well as several minor outlying islands. Vitelco is regulated by this Commission as a price cap incumbent LEC. As discussed in comments previously filed in the above-captioned dockets, Vitelco faces a number of challenges in deploying broadband to its service territory, but has made a commitment to the territorial regulatory agency to invest, and has already begun to invest, millions of dollars in the past several years to implement a network

[1] *Connect America Fund*, WC Docket No. 10-90, *et al.*, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54 (2014).

modernization program designed to improve service quality and to bring enhanced broadband services to its customers.[2]

Vitelco remains committed to its efforts to provide high quality voice and broadband services, and generally supports the Commission's proposals to tailor public interest obligations and enforcement provisions for frozen Phase II CAF support to price cap ILECs serving non-contiguous areas to reflect the unique conditions of Vitelco's operating territory.

II. CURRENTLY PROPOSED STANDARDS, WITH A MODIFICATION TO ALLOW FOR FLEXIBILITY, CAN ADEQUATELY REFLECT THE LIMITATIONS OF SERVING THE U.S. VIRGIN ISLANDS

In the *USF/ICC Transformation Order*,[3] the Commission recognized that price cap carriers serving territories outside the contiguous United States (hereinafter, "CONUS") face unique operating conditions and challenges that may result in cost characteristics that differ from those of mainland LECs. It therefore directed the Wireline Competition Bureau to consider the unique circumstances of "price cap carriers serving Alaska, Hawaii, Puerto Rico, the U.S. Virgin Islands and Northern Marianas Islands … when adopting a cost model, and we further direct the Wireline Competition Bureau to consider whether the model ultimately adopted adequately accounts for the costs faced by carriers serving these areas."[4] Further, the Commission instructed the Bureau that if "the model ultimately adopted does not provide sufficient support to any of these areas, the Bureau may maintain existing support levels, as modified in this Order, to any affected price cap carrier, without exceeding the overall budget of $1.8 billion per year for price cap

[2] *See* Comments of Virgin Islands Telephone Corporation d/b/a Innovative Telephone, WC Docket No. 10-90 *et al.*, filed April 18, 2011.

[3] *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, para. 193 (2011) (*USF/ICC Transformation Order*), *aff'd*, *Direct Commnc'ns Cedar Valley v. FCC*, No. 11-9900 (10th Cir. May 23, 2014), *pet'ns for rehearing pending*.

[4] *USF/ICC Transformation Order*, para. 193.

areas."[5] The Bureau subsequently found that the adopted cost model would not provide sufficient support to all non-contiguous areas, and decided to extend to price cap ILECs in these areas the option of receiving frozen Phase II support based on Phase I levels.[6] The Commission now proposes that non-contiguous carriers may elect to receive frozen support, subject to the same public interest, speed, and latency standards as those receiving model-based support.

A. Vitelco Can Support the 10 Mbps Minimum Speed Threshold if the Commission Allows Flexibility in Meeting the 100% Buildout Requirement

The Commission proposes that non-contiguous carriers may elect to receive frozen support or model-based support, and that carriers electing frozen support be subject to the same public interest service standards as those receiving model-based support, and, additionally, proposes to adopt 10 Mbps downstream as the minimum broadband speed requirement for Phase II support.[7] Vitelco anticipates being able to offer 10 Mbps downstream service to practically all customer locations in the USVI. Due to the unique operating characteristics within the U.S. Virgin Islands, however, providing this level of service may be difficult to achieve for a handful of locations. As Vitelco has discussed in a number of its pleadings in this proceeding,[8] the U.S. Virgin Islands operating territory includes a number of physical obstacles unique to the region including 1) rocky, hilly terrain formed largely from volcanic deposits and heavy tropical vegetation in sparsely populated inland areas; 2) a corrosive tropical climate, characterized by periodic tropical storms, that requires the deployment of enhanced and costly environmental protection measures; and 3) small outlying islands with limited access and small populations.

Nevertheless, Vitelco can support the proposed 10 Mbps minimum if the Commission affords non-contiguous carriers the same degree of build-out flexibility as it has extended to those

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[5] *Id.*

[6] *Connect America Fund et al.*, Report and Order, 29 FCC Rcd 3964, 4029, paras. 152-54 (Wireline Comp. Bur. 2014).

[7] *Connect America Fund Phase II FNPRM*, para. 203.

[8] *See, e.g.*, Comments of Virgin Islands Telephone Corporation d/b/a Innovative Telephone, WC Docket No. 10-90, filed January 6, 2014.

carriers receiving model-based support. That is, a non-contiguous price cap carrier that elects frozen support should be permitted to choose to serve some census blocks with costs above the highest cost threshold instead of eligible census blocks, provided that it meets the public interest obligations in those census blocks, and provided that the total number of unserved locations and the total number of locations covered is greater than or equal to the number of locations in the eligible census blocks.[9] Also, if the Commission adopts either or both of its proposals to afford additional flexibility to carriers accepting model-based support, it should extend the same degree of flexibility to non-contiguous carriers electing frozen support.[10] Subject to these concerns, Vitelco supports the Commission's proposal.

B. The Commission Should Adopt the Proposed Latency Requirements with Testing at the Point of Consolidation

The Commission proposes that non-contiguous carriers that elect to receive frozen support must meet a roundtrip provider network latency of 100 milliseconds or less, "from the customer location to a point at which traffic is consolidated for transport to an Internet exchange point in the continental United States,"[11] a measurement standard recognized in the Commission's *Phase II Service Obligations Order*.[12] Vitelco commits to meet such requirements. The Internet Exchange Point for Vitelco's Internet traffic is on the U.S. mainland and necessitates transmission of at least 1,500 miles by undersea cable, which is not under Vitelco's control, the type and length of which can affect latency determinations. Due to the potential impact of undersea transmission on latency measures, testing from the customer location to the point of traffic consolidation for off-island transmission, as proposed by the Commission, is appropriate and should be adopted.

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[9] *USF/ICC Transformation Order*, 26 FCC Rcd at 17729, para. 171 n.279.

[10] *Connect America Fund Phase II FNPRM*, paras. 162-172.

[11] *Connect America Fund Phase II FNPRM*, para. 206.

[12] *Connect America Fund*, WC Docket No. 10-90, Report and Order, 28 FCC Rcd 15060 (2013).

III. THE COMMISSION SHOULD ADOPT ITS PROPOSAL FOR REASONABLY COMPARABLE RATES AND USAGE ALLOWANCES

Consistent with the *USF/ICC Transformation Order*, the Commission proposes to require non-contiguous carriers receiving "frozen support to offer both voice and broadband service at rates reasonably comparable to those services offered in urban areas,"[13] and to allow such carriers to demonstrate comparability by certifying that they are offering services meeting the requirements at the same or lower prices in rural areas, or by meeting benchmarks announced by the Wireline Competition Bureau based on annual urban rate surveys.[14] Additionally, the Commission proposes to require such carriers to provide at least one service option that provides a minimum usage allowance of 100 GB per month at the aforementioned reasonably comparable rate. The Commission should adopt these proposals.

A. The Commission Should Adopt the Two-Option Approach for Establishing Reasonable Comparable Rates in Non-contiguous Areas

Vitelco supports the Commission's two-option approach for establishing reasonably comparable rates in non-contiguous areas. However, it is critical that the Commission adopts both prongs of this proposal. The reasonable comparability benchmarks as determined by the Wireline Competition Bureau based on the annual urban rate surveys[15] will generally serve as an appropriate measure of the mainland's urban market prices, but may not be particularly relevant to measuring prices in non-contiguous areas. It is possible for market conditions and operating costs in a non-contiguous area to result in broadband prices that are distinct from those on the mainland. For such cases, the Commission's proposal to allow a non-contiguous carrier to certify that it is offering services meeting the Commission's voice and broadband requirements for the same or lower prices in rural areas as urban areas[16] is appropriate.

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[13] *Connect America Fund Phase II FNPRM*, para. 204.

[14] *Id.*

[15] *Id.*

[16] *Id.*

Vitelco has not established distinct prices for voice or broadband services provided to its urban and rural customers, and commits to continued adherence to this pricing policy.

B. The Commission Should Adopt the Proposal to Require Non-contiguous Carriers Receiving Frozen Support to Provide at Least One Service Option that Provides a Minimum Usage Allowance of 100 GB Per Month at Rates Reasonably Comparable to Urban Areas

The Commission proposes that non-contiguous carriers receiving frozen support must initially offer at least one service option with a minimum usage allowance of 100 GB per month at a rate comparable to urban areas in accordance with the two-option approach.[17] Vitelco supports the Commission's proposed 100 GB minimum usage requirement. Vitelco, in response to market conditions, currently provides unlimited usage in all of its residential Internet offerings.

IV. CONCLUSION

Vitelco can support the 10 Mbps downstream minimum broadband requirement for non-contiguous carriers electing frozen support if the Commission allows these carriers the same flexibility in calculating what constitutes 100% of the customer base as it allows for carriers receiving model-based support. Vitelco supports the proposed latency threshold for non-contiguous carriers electing frozen support with testing at the point of traffic consolidation as well as the two-option rate comparability standard and the requirement to offer at least one service with a minimum 100 GB usage allowance at a rate comparable to urban areas.

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[17] *Id.* at para. 205.

Respectfully submitted,

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