

**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 THE ALASKA TELEPHONE ASSOCIATION
ON CALCULATION OF REASONABLE COMPARABILITY
BENCHMARK FOR BROADBAND SERVICES**

The Alaska Telephone Association (“ATA”) files Comments in this proceeding pursuant to the Commission’s Public Notice (DA 14-944) released June 30, 2014 which seeks comment on calculation of reasonable comparability benchmark for broadband services. The ATA is concerned that the methodology used to develop the benchmarks disregards the unique challenges of Alaska’s geography and infrastructure and has generated benchmarks which are unattainable by many Alaska carriers. Applying these benchmarks as a condition of Connect America Funding¹ risks penalizing carriers facing extreme costs and further delaying development of broadband services in the areas which most need them.

The Commission proposes to implement a national benchmark for broadband services between \$68.48 and \$71.84 based on its survey methodology.² This methodology relied on a survey of providers serving 500 urban census tracts and requested data regarding end-user rates and usage. The survey did not include any census tracts in Alaska or attempt to identify the cost impacts of middle mile on end-user rates or usage. This methodology assumes middle mile costs are an irrelevant factor in developing national benchmarks and assumes all companies have access to similar infrastructure. Such an assumption contradicts the reality Alaskan carriers face.

Alaskan providers must purchase middle mile service via extended undersea fiber connections, satellite, or hybrid fiber-microwave systems. It is widely recognized that non-terrestrial systems impose extremely high costs on providers³. Alaska companies which have

¹ Public Notice at 1.

² *Id.*

³ See Martin & Baugh Consulting Group, *Satellite Internet Review* (Jan. 30, 2012), attachment to Shannon M. Heim, Ex Parte Notice, before the FCC (June 12, 2012); see also *Comments of the Regulatory Commission of Alaska, Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rate for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, before the FCC (April 18, 2011) (“*RCA Comments*”) at 22 (“Alaska providers have commented that satellite transmission has problems with latency, data

access to extended undersea fiber connections also face higher costs than urban census tracts sampled in the study.⁴ These extraordinary costs drive end-user rates outside the range of the proposed benchmarks.

The ATA respectfully requests the Commission clarify that Alaskan companies struggling with extended, costly middle mile service will not be held to the benchmarks identified in the Public Notice. The Commission has already recognized the limitations of satellite-based middle mile by relaxing broadband public interest obligations for companies with no terrestrial backhaul.⁵ This is a very important recognition that Alaska companies should not be penalized for a lack of middle mile facilities. A similar recognition that companies facing extraordinary middle mile costs may not be able to meet the reasonable comparability benchmarks will allow such companies to continue to offer broadband services as available infrastructure allows without incurring penalty.

The methodology underlying the calculation of the reasonable comparability benchmarks has created benchmarks which completely disregard the high cost of middle mile facilities in Alaska. Applying national benchmarks to Alaskan providers is an unreasonable measure of their efforts to provide broadband service to their communities and an unfair condition of eligibility for Connect America Funds. Until sufficient, affordable middle mile facilities are available, providers must have the flexibility to offer broadband service which can be supported by existing infrastructure without facing penalties for failing to meet unrealistic benchmarks.

transmission continuity, and disruptions from weather conditions... Nevertheless, for many areas of Alaska, satellite links may be the only viable option to deploy broadband, provided sufficient capacity is available.”).

⁴ For comparison of Alaska’s middle mile costs vs. other states see: Glass, Victor, Prinzivalli, Joseph, and Stefanova, Stela, “Persistence of the Middle Mile Problem for Rural Local Exchange Carriers,” *Government Information Quarterly*, Volume 31, Issue 1, January (2014): Table 3, page 12.

⁵ *Transformation Order* at para. 101.

Alaska Telephone Association
Comments on Broadband Benchmark
August 19, 2014

Respectfully submitted,

Via ECFS 8/19/14

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