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**Subject:** Broadband Opportunity Council - Comments from the Alaska Rural Coalition  
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Dear Sir/Madam,

Attached please find Comments of the Alaska Rural Coalition in response to the Notice and Request for Comments filed in the Federal Register on April 29, 2015. Thank you.

Sincerely,

Erik Levy



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**Before the  
RURAL UTILITIES SERVICE  
&  
NATIONAL TELECOMMUNICATIONS AND INFORMATION  
ADMINISTRATION  
Washington, D.C. 20554**

Broadband Opportunity Council Notice and Request for Comment

Docket No. 1540414365-5365-01

**COMMENTS OF THE ALASKA RURAL COALITION**

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June 10, 2015

## **I. Introduction.**

The Alaska Rural Coalition<sup>1</sup> (“ARC”) files its Comments pursuant to the Notice and Request for Comments issued by the Department of Agriculture’s Rural Utilities Service (“RUS”) and the Department of Commerce’s National Telecommunications and Information Administration (collectively the “Council”) on April 29, 2015 seeking comment on recommended actions the federal government can take to promote broadband deployment, adoption, and competition.<sup>2</sup> The ARC appreciates the work that the Council is undertaking, but reminds the Council there are significant hurdles particular to the State of Alaska that must be addressed in any federal broadband regulatory scheme.

The ARC membership consists of most of the rate of return incumbent rural local exchange carriers (“RLECs”) in Alaska, all of whom serve some of the highest cost areas of the nation. ARC members are generally small, rural telephone companies and cooperatives that serve tribal lands and endeavor to bring the highest quality of service possible to Alaskans. The telecommunications network in Alaska differs dramatically

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<sup>1</sup> The ARC is composed of Adak Telephone Utility, Alaska Telephone Company, Arctic Slope Telephone Association Cooperative, Inc., Bettles Telephone, Inc., Bristol Bay Telephone Cooperative, Inc., Bush-Tell, Inc., Circle Telephone & Electric, LLC, City of Ketchikan dba Ketchikan Public Utilities, Copper Valley Telephone Cooperative, Cordova Telephone Cooperative, Inc., Inc., Interior Telephone Company, Inc., Matanuska Telephone Association, Inc., Mukluk Telephone Company, Inc., North Country Telephone Inc., Nushagak Electric and Telephone Company, Inc., OTZ Telephone Cooperative, Inc., and The Summit Telephone and Telegraph Company, Inc.

<sup>2</sup> Broadband Opportunity Council Notice and Request for Comment, 82 Fed. Reg. 23785-23787 (Apr. 29, 2015) (“*Notice*”).

from the network in the Lower 48.<sup>3</sup> The assumptions that apply to the Lower 48 cannot be easily or fairly applied to Alaska. The Council must be cautious or it will advocate for requirements that will overwhelm carriers attempting to provide broadband in the most challenging environment and foreclose the expansion of quality, robust broadband service.

## **II. Broadband in Alaska Faces Challenges.**

There are many unique hurdles to Alaska that must be acknowledged and addressed to provide the same broadband experience that exists in the Lower 48. The population density of Alaska is small, and the population centers are spread out over an enormous land area.<sup>4</sup> Alaska is more than twice the size of the State of Texas, but has a

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<sup>3</sup> See *Comments of the Alaska Rural Coalition, Connect America Fund, et al.*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, WT Docket No. 10-208, before the Federal Communications Commission (Jan. 18, 2012) (“*ARC USF Comments*”) at 4-5 (“The ability to meet such a benchmark depends on the availability of reliable and affordable middle mile, which are lacking most areas of Remote Alaska. Satellite transport for middle mile is too unreliable and expensive in Alaska to accomplish that speed.”); see also *Comments of Alaska Communications Systems, Connect America Fund, et al.*, WC Dockets No. 10-90, 14-58, 07-135, WT Docket No. 10-208, CC Docket No. 01-92, before the Federal Communications Commission (Aug. 8, 2014) (“*ACS CAF Phase II Comments*”) at 7 (“Alaska’s lowest-in-the-nation population density makes terrestrial transport options inefficient, while its extreme northern location limits the performance of satellite-based alternatives (and satellite may or may not meet their performance requirements).”).

<sup>4</sup> *Connect America Fund, et al.*, 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, FCC 11-161 (Nov. 18, 2011) (“*Transformation Order*”) at para. 347 (“In Alaska, the average census block is more than 50 times the size of the average census block in the other 49 states and the District of Columbia, such that the large size of census areas poses distinctive challenges in identifying unserved communities and providing service.”).

total population slightly higher than the District of Columbia. Alaska contains some of the most remote areas in the country.<sup>5</sup>

Broadband and other telecommunications services are especially critical for customers in Remote Alaska, where the benefits of broadband access have the potential to strengthen village economies and the overall quality of everyday life.<sup>6</sup> High-speed broadband access is even more important in Alaska than in the Lower 48 because of many communities' remote, isolated nature.<sup>7</sup> The infrastructure necessary to connect

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<sup>5</sup> *Reply Comments of the Alaska Rural Coalition*, WC Docket No. 10-90, WC Docket No. 05-337, before the FCC (July 23, 2012) (“ARC Reply Comments”) at 9 (“[T]he lack of roads, extreme climate and harsh geography of Alaska must remain in the forefront of the discussion when considering the role the Remote Areas Fund will play in Alaska.”); *Comments of Alaska Communications Systems, Inc., Connect America Fund, et al.*, WC Docket No. 10-90, 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, before the FCC (Jan. 18, 2012) at 3, n. 4 (“Almost everything about providing communications services in Alaska is unique and sets its service providers apart from what other carriers across the country experience.”)

<sup>6</sup> *See Alaska Rural Telehealth Network*, <http://www.nrtrc.org/about/networkprofiles/artn/> (last visited Sept. 13, 2012). “In Alaska, the healthcare workers practicing in hospitals, clinics, and community health centers are essential to the delivery of acute and primary care services to small, rural, and remote communities. Although the majority of Alaska’s population is located outside the greater Anchorage area, the majority of healthcare providers in Alaska (e.g., physicians, PAs, RNs, physical therapists) are located in its three largest cities. As a result, rural clinicians practice in a generalist’s environment, but where they often need to have specialty knowledge and expertise. This dichotomy is further complicated when you consider the limited opportunities for continuing education and access to specialty consultations available because of travel costs, geographical and weather restrictions, and a general lack of or inability to arrange for clinical coverage during absences.” *Id.*

<sup>7</sup> *See Comments of the Regulatory Commission of Alaska*, Connect America Fund, et al., WC Docket No. 10-90, 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, before the FCC (Jan. 18, 2012) (“RCA Comments”) at 5 (“Yet there is no place in America that can benefit more from the promise of advanced telecommunications.

Remote Alaska has been slower to develop in Alaska due to geographic, climatic and population challenges.

When considering the deployment of broadband in Alaska, it is important to consider the cost of doing business in Alaska is higher than it is almost anywhere else in the country. The U.S. Department of Agriculture's Forest Service emphasized the unique costs of conducting business in Alaska. The Forest Service explained that "in order to manage national forests in Alaska to a standard consistent with the rest of the agency, 'Unit Cost Funding' for the Alaska Region must be higher than regions in the Lower 48."<sup>8</sup> Specifically, "higher salaries, higher cost of materials and supplies, and higher transportation costs all combine to increase our unit costs of providing goods and services to our customers and reduce the portion of our budget we can 'get to the ground.'"<sup>9</sup> The Federal Government must continue to take into account the specific challenges that face Alaska when it determines how to best address promoting broadband.

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Broadband can make a difference to the remote parts of Alaska beyond what it can anywhere else in the country. Broadband is the modern thoroughfare of Alaska's future. It will allow a medical doctor to traverse the wilderness between Anchorage and Kotzebue in moments. It will allow an Alaska Native to work for a California high technology firm without ever leaving his subsistence lifestyle behind. It will allow economic development to flow freely between the world outside and our rural communities.").

<sup>8</sup> Cost of Doing Business in Alaska, U.S. Department of Agriculture – Forest Service, at 1 (2010), available at [http://www.fs.usda.gov/Internet/FSE\\_DOCUMENTS/stelprdb5252557.pdf](http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5252557.pdf).

<sup>9</sup> *Id.*

### III. Comments Addressing Specific Council Questions.

#### A. Middle Mile Remains a Pressing Need in Alaska.

The Council requests comment on what the federal can do to encourage providers to service rural areas.<sup>10</sup> Alaskans have repeatedly commented to the Federal Communications Commission (“FCC”) about the lack of affordable Middle Mile in Alaska.<sup>11</sup> The geography of the state often forces carriers to utilize inferior satellite<sup>12</sup> or microwave<sup>13</sup> technology to connect from the consumer to Anchorage or Seattle, the

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<sup>10</sup> *Notice* at para. 17.

<sup>11</sup> *See, e.g., RCA Comments* at 19 (“Funding for middle mile infrastructure is essential to deployment of broadband in Alaska.”); *ARC USF Comments* at 4-5 (“Access to Affordable Middle Mile is Critical to Extend Broadband into Remote Areas of Alaska... The CAF Order recognizes that many areas of Alaska lack the viable backhaul options necessary to provide broadband services.”); *ACS USF Comments* at 8 (“The Commission’s model ignores the costs of extremely long haul middle mile transport in Alaska, especially by satellite and undersea cable, which are necessary to support delivery of the broadband speeds mandated by the Commission.”).

<sup>12</sup> *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) at 22* (“Alaska providers have commented that satellite transmission has problems with latency, data 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.”).

<sup>13</sup> *See Reply Comments of the Regulatory Commission of Alaska, in the matter of Connect America Fund, et al., WC Docket No. 10-90, 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, before the FCC (Feb. 17, 2012) at 9* (“Satellite and microwave facilities have limited capacity to provide middle mile transport.”).

nearest locations where fiber optic cable connections are available.<sup>14</sup> Microwave systems are subject to an exhaustion of capacity. If no middle mile capacity is available, or the pricing of middle mile makes it unaffordable for carriers to purchase capacity, essentially no middle mile exists.<sup>15</sup>

Funding for adequate middle mile infrastructure capable of providing broadband service is a significant need for Alaska carriers. Middle mile infrastructure represents the largest impediment to the deployment of advanced telecommunications services in Remote Alaska.<sup>16</sup> Significant investment must be made, both on the federal and state level, to build the needed network to connect Remote Alaska to the rest of the world.<sup>17</sup> A funding source dedicated to increasing middle mile infrastructure would go a long way towards bringing broadband to Alaska.

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<sup>14</sup> *Comments of the Alaska Rural Coalition, Connect America Fund, WC Docket No. 10-90, before the FCC (Dec. 22, 2014)* at 4 (“Many locations in Alaska continue to rely on satellite connectivity to bridge the gap between the consumer in Remote Alaska and Anchorage (where fiber transport must still be purchased to transport traffic) or directly to Seattle.”).

<sup>15</sup> *See Comments of the Alaska Rural Coalition, Connect America Fund, et al., WC Docket No. 10-90, et al., before the FCC (Aug. 8, 2014) (“ARC CAF Comments II”)* at 48.

<sup>16</sup> *See Comments of the Alaska Rural Coalition, Connect America Fund, WC Docket No. 10-90, before the FCC (Mar. 31, 2014) (“ARC CAF Comments”)* at 3-4 (“The full benefits of broadband will not be realized in rural Alaska without funding targeted at building out the terrestrial middle mile facilities necessary to support robust and reliable high-speed connections.”).

<sup>17</sup> *See A Blueprint for Alaska’s Broadband Future, Alaska Broadband Task Force (Aug. 2013) (“Alaska Broadband Task Force Report”)* at 18, available at <http://www.alaska.edu/files/oit/bbtaskforce/2013-08-AK-Broadband-Task-Force-Report%7CABlueprint-for-Alaska's-Broadband-Future.pdf>.



The ARC respectfully submits that investing in middle mile infrastructure represents the most prudent and cost-effective long-term way to resolve these issues. As technology evolves in the future, it is likely that even greater bandwidth and speeds will be necessary to support current Internet research tools and distance learning applications. Investing in terrestrial fiber would address this long-term need and ensure that rural community members in our nation's remotest areas can access and participate in the modern world.

**B. Federal Regulators Should Streamline Regulatory Compliance Requirements.**

The Council sought comments on what the Federal Government can do to make it easier for state, local, and tribal governments or organizations to access funding for broadband.<sup>18</sup> Regulatory compliance can impose great cost on the regulated. The ARC urges the Council to consider the cost of compliance and assist in streamlining applications and regulatory compliance. Overburdening small companies who strive to provide robust broadband will slow investment in needed infrastructure and frustrate the policy goals of the Council.

ARC members do not have the large staff of compliance specialists that most medium and large companies in the Lower 48 enjoy, and are already stretched thin with voluminous reporting requirements. While the ARC understands the need for reporting and certification, the process can be significantly streamlined. There is no reason to impose even more reporting requirements on any entity, let alone rural and remote

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<sup>18</sup> *Notice* at para. 20.

carriers with limited financial resources. The ARC encourages the Council and federal regulators to find ways to assist rural and remote companies in streamlining the reporting process.

**C. The Federal Government should encourage consistent, sustainable support for rural companies.**

The Council asked how the Federal Government can encourage innovation in broadband deployment, adoption, and competition.<sup>19</sup> The ARC continues to urge the federal government to assist in providing consistent, sustainable support to rural companies. The wireline network requires predictable, consistent and sufficient support to maintain legacy networks. Some recurring high-cost support is necessary to sustain service in remote locations like Alaska where ongoing operating costs are very high.<sup>20</sup>

When rural companies do not have consistent support, this leads to financial uncertainty that prevents dedicating resources to expanding and deploying new broadband networks and improvements to existing broadband networks.<sup>21</sup> The risks and uncertainties faced by rate of return telecommunications carriers are significantly higher than those facing other rural utilities.<sup>22</sup> This uncertainty means that rural carriers cannot

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<sup>19</sup> *Notice* at para. 30.

<sup>20</sup> *ARC CAF Comments II* at 15.

<sup>21</sup> *See ARC CAF Comments* at 17 (“High-cost support is necessary to carriers in rural areas not to build out future networks, but to maintain existing infrastructure, and rates for rural customers. Absent high-cost support, carriers who already serve rural areas will not be able to sustain the services they already provide, and telecommunications deployment in rural areas will actually slide backwards.”).

<sup>22</sup> JSI Capital Advisors, *The Monitor: Communications Industry News and Analyses*, “Saving Rate of Return is Saving RLEC Financial Integrity” (Jan 25, 2012),

receive needed funds from lenders in order to build out broadband networks.<sup>23</sup> The RUS previously noted the impact of uncertain support:

According to the FCC's Eighth Broadband Progress Report, nearly one-fourth of the rural population lacks access to high speed broadband. Yet, demand for RUS loan funds dropped to roughly 37% of the total amount of loan funds appropriated by Congress in FY 2012. Current and prospective RUS borrowers have communicated their hesitation to increase their outstanding debt and move forward with planned construction due to the recently implemented reductions in USF support and Intercarrier Compensation (ICC) payments.<sup>24</sup>

The ARC urges the Council to find ways to give rural carriers the consistent, sustained, predictable support they need to take on debt and build the broadband networks of the future.

#### **IV. Conclusion.**

The ARC urges the Council to keep the unique characteristics of Alaska in mind as it begins efforts to promote rural broadband. Specific funding to solve Alaska's middle mile problem will remove a significant barrier to broadband access. Streamlining the current regulatory system will allow financially-strapped companies some much needed breathing room. Adding consistent support to areas with the highest cost of service will go a long way towards helping the existing carriers provide broadband.

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available at <http://jsicapitaladvisors.com/monitors/2012/1/25/saving-rate-of-return-is-saving-rlec-financialintegrity.html>

<sup>23</sup> See *Comments of CoBank, Connect America Fund*, WC Docket No. 10-90 (June 21, 2012) ("It is unfortunate that the uncertainty of a stable, predictable cost recovery mechanism is making it increasingly difficult for CoBank to extend credit for the purpose of deploying ubiquitous rural broadband networks.").

<sup>24</sup> See *Ex Parte of the United States Department of Agriculture, Rural Development, Connect America Fund, et al.*, WC Docket No. 10-90, *et al.* (Feb. 15, 2013) at 1-2.

Respectfully submitted on this 10<sup>th</sup> day, June 2015.

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