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SEPTEMBER 6, 2016

SPECIAL BULLETIN

Alaska USF Plan Adopted

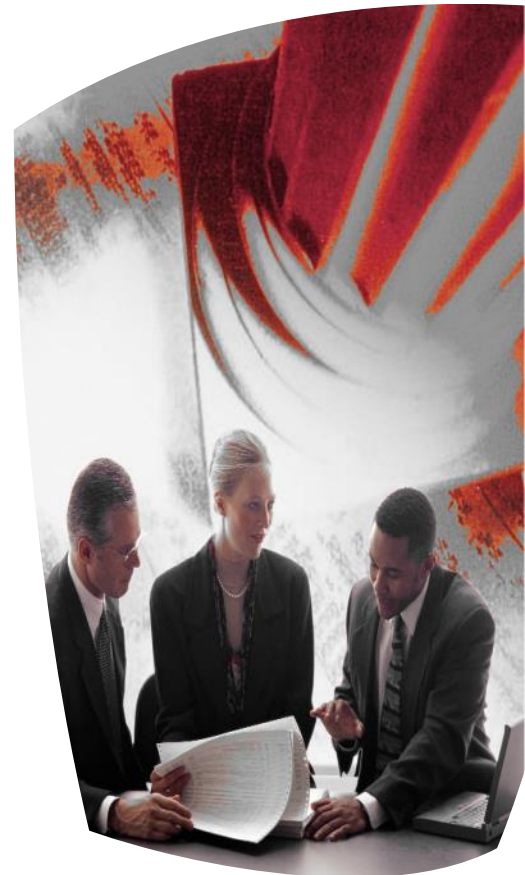
The FCC [adopted](#) a universal service reform plan designed specifically for wireline RoR regulated carriers serving Alaska, along with wireless competitive ETCs serving remote areas of the state. In the November 2011 *Transformation Order*, the Commission recognized the unique circumstances faced by carriers serving remote areas of Alaska, and in the 2016 *RoR USF Order* exempted these RoR carriers from certain of the adopted reforms. In between these two decisions, the Alaska Telephone Association (ATA) submitted a [plan](#) to address the unique issues faced by wireline and wireless carriers serving Alaska.

The Alaska Plan is essentially a self-contained and funded plan that provides participating carriers with a known amount of support over a ten-year term in exchange for meeting certain public interest and deployment obligations. For RoR carriers, the AK Plan will provide a third option for ongoing federal universal service support, with the other paths being the A-CAM and revised legacy options (see April 5, 2016 Special Bulletin). The FCC basically adopted the ATA plan as is, with minimal revisions, including the treatment of competitively served census blocks.

RoR Carrier Plan

For participating RoR carriers (there are 19 in total), federal support would be frozen at 2011 levels, adjusted for the ICLS corporate operations expense cap and the overall \$3,000 annual per line limit on HCLS. This support will be paid out over 10 years, and will be subject to company-specific deployment and public interest obligations. In addition, the participating carriers will have to meet Alaska-specific reasonably comparable rate standards for voice and broadband services.

If all 19 RoR carriers opt in to the plan, the total annual support is expected to be \$55.7m. Currently, the same group of carriers received approximately \$9.2m less, the funding for which will come from the phase-out of support currently being paid to wireless CETCs serving “non-remote” areas of Alaska. This funding is expected to result 36,000 new locations receiving 10/1 mbps or better broadband service at the end of ten years.



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Questions? Comments?

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Some other features of the wireline plan are:

- ⇒ Speed, latency, and data usage obligations are subject to the “satellite backhaul” exception. This addresses the common problem in Alaska of broadband providers having access to only non-terrestrial, satellite backhaul, the very nature of which makes it difficult, if not impossible, to meet the Commission’s adopted broadband standards.
- ⇒ Once a carrier gains access to new, terrestrial, backhaul, it has 12 months to revise its service offerings to meet the latency and data usage obligations. Carriers will be provided extra time to meet speed obligations.
- ⇒ There will be deployment milestones to be met at the 5 and 10 year marks.
- ⇒ Carriers choosing the Alaska Plan will be required to remove data only broadband service from the Special Access rate element, and will be required to exit the NECA pool.
- ⇒ Recipients of support under the Plan will generally not be allowed to utilize the support in areas with overlapping, unsubsidized competition. To determine these areas, the Wireline Competition Bureau will initiate a challenge process similar to that adopted for the CAF BLS mechanism. The competitive situation will be revisited in year 5 of the Plan.
- ⇒ Participants will be required to report geocoded data for newly served locations.

Mobile Carriers

The integrated Alaska Plan also contains provisions for wireless CETCs serving remote areas (these carriers are in large part affiliated with wireline companies). For these carriers, support will be frozen at 12/31/2014 levels and will be paid out for ten years in return for meeting certain performance and deployment obligations. For CETCs serving non-remote areas, support will be phased-down and reallocated to (1) cover any reductions in support RoR carriers have experienced since 2011, and (2) fund wireless service in currently unserved remote areas. Should all CETCs opt in to the Plan, the amount of annual support would be around \$73.8m. The phased-down support, after allocating \$9m to the RoR portion of the Plan, is expected to be around \$22m (annually) for supporting wireless service in currently unserved areas (to be distributed via a reverse auction).

A summary of the Alaska Plan support amounts is as follows (assuming all qualifying carriers opt in to the plan):

Recipient	Year 1	Year 2	Yrs 3-10	10 Yr Total
RoR ILECs	\$ 55,124,882	\$ 55,124,882	\$ 55,124,882	\$ 551,248,820
Adak	617,678	617,678	617,678	6,176,780
Remote CETCs	73,804,608	73,804,608	73,804,608	738,046,080
Windy City Cellular	132,900	132,900	132,900	1,329,000
Non-Remote CETCs	18,233,864	9,116,932	-	27,350,796
Available for Reverse Auction	3,924,655	13,041,587	22,158,519	194,234,394
Totals	\$ 151,838,587	\$ 151,838,587	\$ 151,838,587	\$ 1,518,385,870

Source: ATA 5/9/2016 Ex Parte filing

Please let us know if you have any questions.



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