

**REDACTED FOR PUBLIC INSPECTION – SUBJECT TO REQUEST FOR
CONFIDENTIAL TREATMENT UNDER SECTION 0.459 OF THE RULES OF THE
FEDERAL COMMUNICATIONS COMMISSION**

May 6, 2019

BY HAND & ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: *Connect America Fund*, WC Docket No 10-90;
Alaska Communications Ten-Year CAF II Deployment Plan

Dear Ms. Dortch:

Alaska Communications Systems (“Alaska Communications”) is a recipient of frozen support under the Connect America Fund (“CAF”) Phase II pursuant to a Commission Order released October 31, 2016.¹ Under the terms of the *Alaska CAF II Order*, Alaska Communications must provide CAF II-eligible voice and broadband services to at least 31,571 locations by year-end 2025.² Further, the *Alaska CAF II Order* required that Alaska Communications complete its initial planning and provide the Commission with a list of the eligible census blocks and locations to which it could deploy CAF II services within the ten-year term prescribed by the Commission no later than October 1, 2018 (the “CAF II Plan”);³ this

¹ Connect America Fund, WC Docket No 10-90, Order, 31 FCC Rcd 12086 (2016) (the “*Alaska CAF II Order*”).

² *Id.* ¶¶24, 27, 30, 43. Alaska Communications never agreed that 31,571 eligible locations can be found in on-road areas within its price cap service territories, and instead proposed that 26,000 locations as a reasonable (if still challenging) requirement, as noted by the Commission. *Id.* ¶28. In the *Alaska CAF II Order*, the FCC recognized the unique challenges of deploying broadband in Alaska, particularly in the Alaska bush, and indicated that Alaska Communications was being allocated only so much CAF Phase II funding as the Commission determined was necessary to deploy broadband services in rural areas on the road system. *See id.* ¶¶3, 8, 26, 31, 39 & n.71. Consistent with concerns expressed at the time, Alaska Communications has been unable to identify the requisite number of locations eligible for deployment under CAF Phase II on the Alaska road system. To meet the specified number of locations, therefore, this filing includes several thousand locations in a dozen or more remote, off-road communities, though deployment to such locations may not be feasible using available technology.

³ *Id.* ¶¶24, 43.

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deadline was subsequently extended to May 6, 2019, following conclusion of the challenge process for partially-served census blocks.⁴

The Commission stated that it would not require Alaska Communications to serve any particular locations using CAF II support, so long as it deploys broadband meeting Commission-prescribed parameters to the required minimum number of eligible locations within eligible census blocks.⁵ Indeed, in its planning process, Alaska Communications has identified some 350 census blocks initially listed by the Commission as eligible for CAF II support that either fall outside Alaska Communications local exchange study area boundaries or contain no known customer locations. Conversely, Alaska Communications has identified 93 census blocks that were not listed by the Commission as having any eligible locations but, in fact, have over 300 verifiable locations that otherwise qualify as unserved and high-cost locations, plus over 130 locations in 17 qualifying, unserved low-cost census blocks adjacent to high-cost census blocks that were not listed by the Commission.⁶ In addition, the company discovered at least one rural, high-cost community (containing more than 150 locations) misidentified in the model as part of the service territory of an unaffiliated local exchange carrier, when in fact the community is served by Alaska Communications.⁷ These are some of the reasons that the planning process permitted in the *Alaska CAF II Order* has been a necessary and revelatory exercise.⁸

⁴ *Connect America Phase II Challenge Process*, WC Docket No. 14-93, Order, DA 18-999, 33 FCC Rcd 8908 (Wireline Competition Bur. 2018), ¶21 (the “*First Challenge Process Order*”) (allowing Alaska Communications an extension of time to file its CAF II Plan until 60 days after resolution of the challenge process for the remaining unserved locations in partially-served census blocks proposed by Alaska Communications); *Connect America Fund*, WC Docket No 10-90; *Connect America Phase II Challenge Process*, WC Docket No. 14-93, Order, DA 19-144 (Wireline Competition Bur. rel. March 5, 2019), ¶21 (the “*Second Challenge Process Order*”) (ordering Alaska Communications to submit its proposed CAF II Plan 60 days from the effective date of that order).

⁵ *Alaska CAF II Order* ¶31.

⁶ Upon inspection, Alaska Communications believes the available data demonstrate that these census blocks are qualifying, unserved census blocks containing present customer locations; the company is willing to work with the Commission to develop additional supporting documentation. Alaska Communications also notes that CostQuest can be instructed by the Commission to analyze these census blocks using its Connect America Model.

⁷ The June 2015 Form 477 data also proved unreliable: The Commission required that Alaska Communications select from census blocks indicated in the June 2015 Form 477 data to be unserved. *Alaska CAF II Order* ¶30. However, upon investigation, that data has proven to overstate the extent of broadband deployment in Alaska. See, e.g., *Second Challenge Process Order* ¶¶16-18.

⁸ Initially, Alaska Communications estimated that it would require two to three years to develop its CAF II deployment plan. See *Alaska CAF II Order* ¶¶29, 42. This has proven to be

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Alaska Communications hereby advises the Commission that it expects to bring CAF II-qualifying service to at least 31,571 locations in the census blocks identified herewith; nevertheless, delivering CAF II-qualifying service to some of these locations does not yet appear to be feasible using available technology. It is reasonable to assume that technology will advance, as will the company's identification of unserved locations in eligible census blocks, during the remaining six years of the CAF II deployment period. Alaska Communications reserves the right to substitute locations within eligible census blocks, so long as the locations it actually serves meet the Commission's requirements for CAF II eligibility. As required by the Commission's rules, Alaska Communications will continue to annually submit to USAC the locations to which it has deployed CAF II-qualifying service in the prior calendar year.⁹

Accordingly, the enclosed spreadsheet satisfies the Commission's CAF II Plan requirement. The locations listed in this plan include locations already identified to USAC as having qualifying voice and broadband service, as well as locations to which service is planned or may be planned as part of the company's CAF II deployment. All of the census blocks listed are CAF II-eligible census blocks, either because they are unserved by unsubsidized competitors, or because, while the blocks may be partially served by an unsubsidized competitor, the individual locations identified by Alaska Communications are unserved and therefore eligible for CAF II support.¹⁰ All of the census blocks included in this CAF II Plan meet the definition of high-cost or extremely high-cost census blocks¹¹ with the exception of approximately 130 census

an accurate assessment, as has the challenge of identifying the large number of unserved, on-road rural high-cost locations prescribed by the FCC. *See* note 2, *supra*. The flexibility to substitute locations within eligible census blocks will remain essential to Alaska Communications as it continues its CAF II deployment over the remaining years of the support term.

⁹ *Alaska CAF II Order* ¶52 & n. 130 (treating Alaska Communications for this purpose like price cap carriers that accepted model-based support), citing *2016 Rate-of-Return Reform Order*, 31 FCC Rcd 3087 (2016); 47 C.F.R. §§54.313(e), 54.316 (OMB approval pending).

¹⁰ Up to 7,900 of the total 31,571 locations Alaska Communications is required to serve using CAF II support may be unserved locations in partially served census blocks. *Alaska CAF II Order* ¶35. In accordance with Commission requirements, Alaska Communications submitted to the Commission and competitors its proposed list of unserved locations in partially-served census blocks prior to October 1, 2018 (on December 28, 2017 and June 21, 2018, respectively). *See id.* ¶36. The Commission resolved all challenges in two orders issued by the Wireline Competition Bureau September 28, 2018 and March 5, 2019, respectively. *See* note 4, *supra*.

¹¹ *Cf. Alaska CAF II Order* ¶¶37-39 (allowing Alaska Communications' CAF II Plan to include a number of unserved locations in non-high-cost census blocks provided certain conditions are met). Alaska Communications never agreed that the Commission (or the model upon which it relied) correctly determined which census blocks should have been deemed "high-cost" or "extremely high-cost" and thus eligible for CAF II support. After extensive

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blocks that are categorized as “non-high-cost” but satisfy the requirements of the *Alaska CAF II Order* for CAF II support in that they are unserved and they are adjacent to high-cost or extremely high-cost census blocks.¹² The total number of locations included in the enclosed CAF II Plan exceeds the required minimum of 31,571 locations.

REQUEST FOR PROTECTION OF CONFIDENTIAL MATERIALS

The enclosed CAF II Plan is non-public and contains information that is commercially sensitive, proprietary and confidential to Alaska Communications. Accordingly, Alaska Communications hereby requests that the enclosed CAF II Plan, marked “**CONFIDENTIAL – SUBJECT TO REQUEST UNDER SECTION 0.459 OF THE RULES OF THE FEDERAL COMMUNICATIONS COMMISSION**” (the “Confidential Materials”), be withheld from public inspection pursuant to Sections 0.457 and 0.459 of the Commission’s rules.¹³ A redacted version of this filing is being made today via ECFS in the above-captioned docket, and two disks containing full sets of the Confidential Materials are being provided herewith by hand delivery.

Under Section 0.457 of the FCC’s rules, trade secrets, non-public financial information, and other proprietary or confidential information filed with the Commission will not routinely be made available for public inspection.¹⁴ The Commission may limit access to proprietary or confidential information it receives on the basis that such information is competitively sensitive, proprietary to a customer, or otherwise protected under the Commission’s rules or relevant statutes. Such information includes trade secrets and other confidential commercial information, as well as information that is protected from disclosure by federal statute.¹⁵ Alaska Communications believes the enclosed Confidential Materials fall within the parameters of Section 0.457.

investigation over the past 18 months, since the release of the *Alaska CAF II Order*, Alaska Communications continues to believe that the Commission has designated certain unserved census blocks as “non-high-cost” that clearly ought to be categorized as high-cost or extremely high-cost.

¹² *Id.* ¶39. The number of locations to which Alaska Communications will deploy CAF II-supported broadband in these unserved “non-high-cost” census blocks will not exceed 2,714. *See id.* Alaska Communications has examined the surrounding census blocks and concluded that they are high-cost or extremely high-cost; in addition, a number of the unserved “non-high-cost” census blocks and locations included in this CAF II Plan are off-road, and not connected to existing Alaska Communications middle-mile infrastructure or an Internet access point.

¹³ 47 C.F.R. §§ 0.457, 0.459.

¹⁴ 47 U.S.C. § 0.457(d).

¹⁵ *See id.*

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To the extent that the Confidential Materials do not fall within the category of materials automatically withheld from public inspection pursuant to Section 0.457 of the Commission's rules, Alaska Communications hereby requests that the Commission grant confidential treatment and withhold them from public inspection pursuant to Section 0.459 of the rules. As described herein, the public interest will be served by affording these materials confidential treatment.¹⁶

The Confidential Materials contain several types of information that is non-public, competitively sensitive, and confidential to Alaska Communications, and information considered trade secrets within the meaning of the Commission's rules, including specific unserved locations which Alaska Communications is targeting for CAF II-supported voice and broadband service, but to which service may or may not be deployed within the ten-year CAF II support period.

The company consistently attempts to prevent the disclosure of similar non-public information, for example, through FCC protective orders and non-disclosure agreements. The Confidential Materials have not been provided to the public, and if an authorized third party is to receive these materials it would be pursuant to a non-disclosure agreement. Premature disclosure of the Confidential Materials could be harmful to competition, to Alaska Communications' ability to efficiently deploy CAF II-supported services, and to the interests of consumers, who may not understand the preliminary nature of this plan.

Once service is deployed using CAF II support, Alaska Communications will submit the specific locations, with geo-coordinates, to USAC as required by the Commission's rules.¹⁷ That information will be publicly available, providing accurate and timely notice to the public where CAF II-supported services are available. Until that time, the public interest will be best served by withholding the Confidential Materials from public inspection.

For the foregoing reasons, Alaska Communications respectfully asks that the Confidential Materials not be made available for public inspection or otherwise used or disclosed in any unauthorized manner until such time that the materials become public through other lawful means (*i.e.*, other than as a result of Commission use or disclosure) or upon the express written consent of Alaska Communications.

¹⁶ See 47 U.S.C. §0.459(a)(1).

¹⁷ See *supra*, note 9 and accompanying text.

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Please direct any questions concerning this matter to me.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Karen Brinkmann".

Karen Brinkmann

Counsel to Alaska Communications Systems

Attachment: Confidential Deployment Plan

cc: Alexander Minard
Talmage Cox
Dangkhua Nguyen