August 5, 2016

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Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
2550 M Street, NW
Washington, DC 20037

Re: **Notice of Ex Parte,** ***Business Data Services in an Internet Protocol Environment; Investigation of Certain Price Cap Local Exchange Carrier Business Data Services Tariff Pricing Plans; Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services***, WC Docket Nos. 05-25, 15-247, 16-143, RM-10593

Dear Ms. Dortch:

On August 4, 2016, I spoke by telephone with Deena Shetler of the Wireline Competition Bureau in connection with the above-referenced proceeding.

I emphasized the need for the Commission to take into account the unique situation in Alaska as it considers revising the way it regulates business data services. I explained that the scope of incumbent LEC dominance in Alaska is different than in the Lower 48. ACS is the only price cap carrier in Alaska. While ACS has exercised market power over last-mile connections, it has been unable to leverage that dominance into the separate market for transmission services that connect one local exchange to another. Alaska never had a Regional Bell Operating Company ("RBOC") and has no centralized tandem switching structure. The transmission services between local exchanges in Alaska have always been provided only by interexchange carriers, and there is robust facilities-based competition in Alaska for such services, including via satellite.[1]

[1] Satellite may be the most appropriate and financially sustainable middle mile (or backhaul) technology for the foreseeable future in certain remote Alaska villages that are sometimes hundreds of miles from the nearest fiber or terrestrial microwave network, especially when the population may number only in the dozens or hundreds and have limited demand for business data services.

However, ACS's dominance over last-mile connections in certain areas is a significant concern. Indeed, GCI continues to experience difficulties exercising its Communications Act rights to interconnection due to ACS's recalcitrance, especially where neither GCI nor any other provider has been able to construct its own competitive last-mile network, including in ACS's rural, non-contiguous local exchange service areas.

I also explained that the Commission's price cap regulations will not be fully effective unless the Commission regulates excessive special construction charges. In Alaska, for example, ACS's abuse of special construction charges allows it to skirt the intent of the Commission's price cap rules and the market opening provisions of section 251, in effect raising end-users' actual retail rates (i.e., the sum of all recurring and non-recurring charges) significantly above ACS's price cap rates and foreclosing competition that would rely on ACS's network. In locations where it is not feasible for GCI or other competitors to overbuild ACS's last-mile network, the end result is lack of competition and excessive prices for Alaska businesses and other customers of business data services.

Please contact me if you have any questions about this submission.

Respectfully submitted,

/s/ Tim Stelzig

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cc: Deena Shetler