alaska COMMUNICATIONS®

October 30, 2015

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

Re: *Ex Parte* Communication of Alaska Communications Systems, WC Docket Nos. 10-90, 14-58, 07-135; WT Docket No. 10-208; CC Docket No. 01-92

Dear Ms. Dortch:

Alaska Communications Systems ("ACS") has reviewed with interest the joint letter of the Alaska Telecommunications Association ("ATA") and its member company, General Communication, Inc. ("GCI")[1] filed in the above-referenced proceedings regarding the need for additional public comment on their proposal filed earlier this year for reallocating high cost universal service support currently received by rate-of-return incumbent local exchange carriers and competitive eligible telecommunications carriers ("CETCs") in Alaska.[2]

As ACS has repeatedly stated in this record, we fully support continuation of existing levels of high-cost support for Alaska's small rate of return carriers for a period of ten years.[3] ACS provides wireline telecommunications services to some 50 communities in the Alaskan Bush,[4] a greater number than most carriers, and well understands the technical and economic

[1] *Connect America Fund, et al.*, WC Docket No. 10-90 *et al.*, Letter from John T. Nakahata, Harris, Wiltshire & Grannis LLP, and Christine O'Connor, Executive Director, Alaska Telephone Association, to Marlene H. Dortch, Secretary, FCC (filed Oct. 22, 2015) (the "ATA/GCI Letter"). GCI is a member of the ATA as a result of its ownership of United Utilities, Inc., a rural incumbent local exchange carrier offering service in southwestern Alaska.

[2] *See Connect America Fund*, WC Docket No. 10-90, Letter from Christine O'Connor, Executive Director, Alaska Telephone Association, to Marlene H. Dortch, Secretary, FCC (filed Feb. 20, 2015) (the "ATA/GCI Proposal").

[3] *See Connect America Fund*, WC Docket No. 10-90, Letter from Karen Brinkmann, Counsel for ACS to Marlene H. Dortch, Secretary, FCC (filed May 14, 2015) ("ACS May 14 Letter"), at 2 ("ACS fully supports continuation of existing levels of high cost support for Alaska's small rate of return carriers."); *Connect America Fund*, WC Docket No. 10-90, Letter from Karen Brinkmann, Counsel for ACS to Marlene H. Dortch, Secretary, FCC (filed Feb. 27, 2015) ("ACS February 27 Letter"), Attachment at 1 ("ACS does not object to the provisions of the plan that address the needs of rural rate-of-return telephone companies. The smallest of Alaska's wireline and wireless providers certainly merit continued USF support.").

[4] Conceptually, Alaska can be viewed as having three broad regions that each present different challenges to telecommunications service providers: the state's three urban centers, Anchorage, Fairbanks and Juneau; rural areas connected to one or more of those population centers using the state's road system; and "Bush" communities.

understands the technical and economic challenges that Alaska's rate-of-return ILECs face. Federal high cost universal service support is vital to the availability and quality of service in these communities. With populations ranging from a few dozen to a few hundred, it would be simply impossible to deliver services and rates to these communities that are affordable and reasonably comparable to those existing in the state's population centers without sufficient federal universal service support.

ACS is concerned, however, that as a broadband deployment initiative, the ATA/GCI Proposal mischaracterizes Alaska's broadband problem by focusing exclusively on the last mile. The ATA/GCI Letter states that, "[i]n August 2014, Chairman Wheeler challenged providers to reach an Alaskan consensus on high cost reforms for Alaska."[5] ACS remembers the Chairman's visit differently. We believe Chairman Wheeler was concerned more broadly with the total amount of universal service support flowing to Alaska, including support from the high cost, low-income, schools and libraries, and rural health care mechanisms. The Chairman sought ideas that would expand the public interest benefits that this support generates and, in particular, ideas that would help close the state's broadband gap while reducing Alaska's reliance on federal USF support flowing to Alaska.[6] Therefore, we believe the ATA/GCI Proposal is, at best, incomplete because it focuses solely on the high cost support mechanism.

ACS believes that the Commission cannot close the broadband gap in the Alaskan Bush simply by preserving the status quo support flows to individual eligible telecommunications carriers ("ETCs"). Bolder action is required. ACS believes that the Commission's dual objectives of creating financial incentives for additional deployment of broadband *and* reducing the level of total universal service support flowing to Alaska can only be addressed with a comprehensive new approach.[7]

"Bush" communities are isolated geographically from infrastructure resources commonly available elsewhere in the state, and the nation as a whole. Most Bush communities cannot be accessed by road, and are not connected to the state's power grid. To reach these communities, people, as well as goods and services, must arrive by plane, barge, snow machine, all-terrain vehicle, or other off-road transportation means. Communications services in these Bush communities generally rely on satellite, or possibly microwave, transport links to population centers in Anchorage, Fairbanks, or Juneau.

[5] ATA/GCI Letter at 1.

[6] ACS May 14 Letter at 1.

[7] Indeed, the ATA/GCI Proposal falls well short of the claim that it "covers all open CAF high cost reform rulemaking issues with respect to setting support levels in Alaska." As the Alaska's only price cap carrier, ACS made a proposal for the implementation of frozen support on February 3, 2015. *Connect America Fund*, WC Docket No. 10-90, Letter from Karen Brinkmann, Counsel for ACS to Marlene H. Dortch, Secretary, FCC (filed Feb. 3, 2015). To date, the Bureau has not acted on this or any other proposal for Alaska's price cap carrier. Therefore, the high-cost issue for Alaska's largest ILEC remains an open issue with no announced schedule for resolution.

That new approach must be founded on efforts to relieve the dearth of available, affordable terrestrial middle mile transport options that today hobbles virtually every effort to deploy affordable and reasonably comparable broadband Internet access services in the Alaskan Bush. To address that problem, ACS believes that a portion of today's flow of universal service support must be redirected toward investment in middle mile infrastructure that does not exist today, to be owned and operated by a neutral, non-profit administrator charged with providing adequate, affordable, non-discriminatory access to middle mile transport services in the public interest.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

Leonard A. Steinberg
General Counsel