



February 10, 2016

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, 05-337; CC Docket No. 01-92

Dear Ms. Dortch:

On February 8-10, 2016, representatives of Alaska Communications met, in separate meetings, with Commissioner Jessica Rosenworcel and her Senior Legal Advisor, Travis Litman; Rebekah Goodheart, Legal Advisor to Commissioner Mignon Clyburn; Nick Degani, Legal Advisor to Commissioner Ajit Pai; Amy Bender, Legal Advisor to Commissioner Michael O’Rielly; and Wireline Competition Bureau Chief Matthew DelNero, Deputy Bureau Chief Carol Matthey, Deputy Division Chief Alexander Minard, and Attorney Advisor Rebekah Douglas. Participating in the meetings on behalf of Alaska Communications were Anand Vadapalli, President and Chief Executive Officer, Leonard Steinberg, General Counsel, Karen Brinkmann, Counsel to Alaska Communications, and the undersigned.

First, we urged the Commission to adopt the Connect America Fund (“CAF”) Phase II broadband deployment proposal filed by Alaska Communications on February 3, 2015. The price cap carriers serving the lower 48 states and Hawaii were required to make their elections regarding CAF Phase II offers of model-based support by August 27, 2015, and those price cap carriers are already well underway with their deployment efforts. As time has passed since that date, Alaska is falling further behind on broadband deployment due this delay, hurting residents in our State, while it has become increasingly difficult for Alaska Communications to explain to its investors this delay in CAF II deployment for Alaska. Further, Alaska Communications must compete for the services of network planning, engineering, and construction firms that have already been engaged by larger price cap carriers located in other states, potentially driving up costs and the risk of delay.

Alaska Communications began outlining its proposed parameters for CAF Phase II service obligations in August 2014,¹ and over the following several months refined those parameters in discussions with the Bureau and the commissioners. The Commission released its final performance requirements for CAF Phase II for price cap carriers on December 18, 2014, deciding, *inter alia*, that broadband supported by CAF Phase II would be required to meet a 10

¹ *Connect America Fund*, WC Docket No. 10-90, Comments of Alaska Communications Systems (filed Aug. 8, 2014); *see also id.*, Reply Comments of Alaska Communications Systems (filed Sept. 8, 2014).

Mbps downstream speed requirement.² On January 2, 2015, Alaska Communications opted in a timely manner to accept the offer of CAF Phase II support at the frozen CAF Phase I level *subject to* the development of appropriate service obligations for its Alaska service territory.³

On February 3, 2015, following discussions with the Bureau, Alaska Communications made a detailed broadband deployment proposal, under which it committed to deploy broadband meeting the Commission's CAF Phase II speed, latency, usage, and affordability requirements to 26,000 eligible locations, subject to certain flexibility requested in the proposal.⁴ The number of locations is based on the illustrative results of the most current version of the Connect America Cost Model ("CAM") that addressed Alaska, version 4.2, after adjusting for approximately 4,000 eligible locations that the CAM identified in remote "Bush" isolated communities off the road system and state power grid.⁵

Under our proposal, all of the locations to be served using CAF Phase II support would be locations that were "unserved" at 3 Mbps downstream/768 kbps upstream according to the version of the National Broadband Map that was in effect as of Dec. 18, 2014, the release date of the *CAF Phase II Eligibility Order*. Further, while the locations in question are primarily located in census blocks deemed "unserved" and "high cost" under CAM version 4.2, Alaska

² *Connect America Fund*, WC Docket No. 10-90, Report and Order, FCC 14-190, 29 FCC Rcd 15644 (2014), at ¶ 15.

³ *Connect America Fund*, WC Docket No. 10-90, *Ex parte* Letter from Karen Brinkmann, Counsel to Alaska Communications (filed Jan. 2, 2015), at 1.

⁴ *Connect America Fund*, WC Docket No. 10-90, *Ex parte* Letter from Karen Brinkmann, Counsel to Alaska Communications (filed Feb. 3, 2015), at 2.

⁵ In an earlier filing, Alaska Communications had proposed to serve approximately 29,000 locations. *Connect America Fund*, WC Docket No. 10-90, Comments of Alaska Communications Systems, (filed Aug. 8, 2014). That number was based on the June 17, 2014 illustrative results of CAM v.4.1.1, net of those in census blocks served by GCI (as a subsidized competitor) and those located in off-road, census blocks in the Alaska Bush. *See Connect America Fund*, WC Docket No. 10-90, Public Notice, "Wireline Competition Bureau Releases Connect America Cost Model Illustrative Results Using Higher Speed Benchmark," DA 14-833, 29 FCC Rcd 7338 (2014), Report v.8.0 at Spreadsheet line 354.

CAM v.4.2 incorporated data from a new version of the National Broadband Map, and excluded locations served by subsidized competitors, including GCI. In the Bureau's illustrative results issued December 22, 2014, those changes reduced the number of locations eligible for CAF Phase II support to approximately 26,000, after adjusting for those locations that the model deemed "eligible" that were located in off-road census blocks in the Alaska Bush. *Connect America Fund*, WC Docket No. 10-90, Public Notice, "Wireline Competition Bureau Announces Availability of Version 4.2 of the Connect America Phase II Cost Model and the First Version of an Alternative Cost Model Being Developed for Potential Use in Rate-of-Return Areas," DA 14-1884, 29 FCC Rcd 16157 (2014), Report v.9.0 at Spreadsheet line 358.

Communications requests some limited flexibility (as set forth in the February 3, 2015 proposal) to include other locations – all unserved – where doing so would result in rational network deployment. Alaska Communications anticipates that a majority of the locations to be served under its proposal would be located in eligible census blocks in outlying areas surrounding Fairbanks and on the Kenai Peninsula.

Alaska Communications also confirmed that it intends to continue offering voice service to all locations where it does so today.

The company is eager to commence broadband deployment under a final CAF Phase II plan, and therefore urges the Commission to move forward without delay to adopt terms for Alaska's only price cap carrier.

Second, in response to questions related to the universal service reforms (the "Alaska Plan") advocated by the Alaska Telephone Association ("ATA"),⁶ Alaska Communications unequivocally reiterated its full support for continuation of existing levels of high-cost support for Alaska's rate-of-return carriers for a period of ten years, as requested in the Alaska Plan.⁷ Alaska Communications believes that the Commission can and should adopt the Alaska Plan's high-cost support recommendations for rate-of-return carriers in Alaska in conjunction with the reforms it adopts for rate-of-return carriers elsewhere in the country.

Alaska Communications notes that addressing CAF Phase II support for both price cap and rate of return carriers in Alaska, in and of itself, will not close the broadband gap between Alaska and the rest of the nation. Ensuring that all *Alaskans* have access to advanced and affordable broadband communications capability requires a solution to the challenge of affordable and accessible *middle mile* in Alaska. Alaska Communications has proposed a

⁶ See, e.g., *Connect America Fund*, WC Docket No. 10-90, *Ex parte* Letter from Christine O'Connor, Executive Director, Alaska Telephone Association (filed Feb. 20, 2015).

⁷ See, e.g., *Connect America Fund*, WC Docket No. 10-90, *Ex parte* Letter from Karen Brinkmann, Counsel for ACS (filed Nov. 19, 2015), Attachment: "Bringing Better Broadband to Alaska," at 3 ("Alaska's small rate-of-return carriers should continue to receive their existing levels of high-cost wireline and wireless support for a period of ten years."); *Connect America Fund*, WC Docket No. 10-90, *Ex parte* Letter of Leonard A. Steinberg, General Counsel, Alaska Communications (filed Oct. 30, 2015), at 1 ("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."); *Connect America Fund*, WC Docket No. 10-90, *Ex parte* Letter from Karen Brinkmann, Counsel for ACS (filed May 14, 2015), 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, *Ex parte* Letter from Karen Brinkmann, Counsel for ACS (filed Feb. 27, 2015), 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.").

competitively neutral solution that would achieve truly universal broadband capability *and*, over time, reduce the state's need for universal service support. In a track separate from and parallel to the current rule making for CAF Phase II for both price cap and rate of return carriers, Alaska Communications urges the Commission to issue a Notice of Proposed Rulemaking to invite other suggestions for the best middle-mile solution from all interested parties.

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

Very truly yours,



Richard Cameron

Digitally signed by Richard R.
Cameron
Date: 2016.02.10 18:02:02
-05'00'

cc: Commissioner Jessica Rosenworcel
Travis Littman
Rebekah Goodheart
Nick Degani
Matthew DelNero
Carol Matthey
Alexander Minard
Rebekah Douglas