

March 11, 2016

**VIA ELECTRONIC FILING**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: Connect America Fund et al., WC Docket Nos. 10-90, 05-337, 14-58, 07-135, WT Docket No. 10-208, and CC Docket No. 01-92

Dear Ms. Dortch:

Alaska Communications hereby responds to the recent presentation by the Alaska Telephone Association (“ATA”)<sup>1</sup> that purports to address the issue of Middle Mile availability in Alaska. In light of the maps attached to the ATA’s *ex parte* letter, it appears that ATA has asserted that the Commission need not be concerned about middle mile in Alaska because private parties are addressing or at least have announced plans to partly address the challenge. Alaska Communications respectfully disagrees with such assertions by the ATA.

Roughly one in seven residents of Alaska live in 188 Bush communities that are not served by fiber (or the electric grid or roads) and thus are unable to access broadband communications capability, chiefly because these communities lack sufficient, affordable middle mile capacity.

Alaska Communications believes there is a better way to serve these communities than that advocated by ATA. It is also the company’s belief that ATA is not advocating a substandard, excessively priced middle mile solution, and many members of the ATA, on an individual basis, support in whole or in part the Alaska Communications proposal.

Only by comprehensively addressing the middle mile gap in a way that safeguards competition will the FCC be able to fulfill its statutory duty to ensure that all Alaskans have access to reasonably comparable, affordable, advanced broadband capability. Alaska Communications’ proposal is the only one currently in the record that would benefit all of Alaska by repurposing current support amounts to improve efficiency, tapping additional support that is currently going unused, and ensuring that all carriers would have access to publicly funded middle mile infrastructure on just, reasonable, affordable, and non-discriminatory

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<sup>1</sup> Letter from Christine O’Connor, ATA, to Marlene Dortch, FCC Secretary, WC Docket No. 10-90 (filed Feb. 12, 2016) (the “ATA February 12 Letter”).

wholesale terms.<sup>2</sup> These carriers, in turn, will become able to offer their retail customers broadband Internet access services that are affordable and more reasonably comparable to what is available in Anchorage, Fairbanks, and Juneau.

By ATA's own admission, only a small fraction of the state's unserved locations can be addressed by ATA's plan alone.<sup>3</sup> Without additional funding and a sensible structure for administering middle mile infrastructure in Alaska's unserved areas, ATA's members cannot guarantee service meeting 10/1 Mbps or the other performance parameters mandated by the FCC.<sup>4</sup>

Previous filings by General Communication, Inc. ("GCI") have attempted to minimize the middle mile problem identified by Alaska Communications and the ATA has filed maps that purport to illustrate current and planned middle mile facilities. Neither GCI nor the ATA, however, addresses the rates, terms and conditions associated with service over those planned facilities. The critical issue is one of affordable and reasonably non-discriminatory access to middle mile infrastructure. In addition, most of the existing and planned infrastructure is comprised of long daisy chains of microwave hops inadequate for high-capacity bandwidth or high-performance broadband because of inherent reliability concerns, signal degradation, and network congestion accumulating over successive links.<sup>5</sup>

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<sup>2</sup> Letter from Karen Brinkmann, Counsel to Alaska Communications, to Marlene H. Dortch, FCC Secretary, WC Docket No. 10-90, Attachment: "Closing the Middle Mile Gap in Alaska: A Plan for All Alaska" (filed Nov. 19, 2015) ("ACS Middle Mile White Paper").

<sup>3</sup> Not only would the locations served under the ATA proposal be a mere fraction of the 59,902 identified by CAM 4.2 and A-CAM 2.1 model results as unserved in the state today, but ATA also fails to propose any alternative solution to bring broadband to the 40-odd Bush communities identified on its map that would remain unserved, even if its ten-year support proposal were implemented. ATA February 12 Letter, Attachment at 7 ("Alaska Terrestrial Middle-Mile Infrastructure As Proposed in 2015").

<sup>4</sup> See Letter from Karen Brinkmann, Counsel for Alaska Communications, to Marlene Dortch, Secretary, WC Dockets 10-90, 05-337 (filed Dec. 15, 2015) (observing that an ATA November 19, 2015 filing revealed the extent to which inadequate and unaffordable middle mile capacity would be a limiting factor for ATA members' broadband deployment even with the additional support ATA was requesting).

<sup>5</sup> While modern microwave facilities (or hybrid-fiber plant) can be useful on limited number (4 or less) of short "hops" to cover relatively short distances from a fiber ring to a small (fewer than 300 pop.) village, longer distances and larger communities cannot effectively be served with this technology, as experts widely have acknowledged. The State of Alaska Broadband Task Force recommended the deployment of fiber rather than microwave links to villages of 300 or more inhabitants. State of Alaska, *A Blueprint for Alaska's Broadband Future*, Statewide Broadband Task Force (Oct. 24, 2014), excerpted in Letter from Karen Brinkmann, Counsel for Alaska Communications, to Marlene Dortch, FCC Secretary, WC Docket No. 10-90 (filed Nov. 19, 2015). FCC staff concluded that fiber is the only effective solution for transport requirements in excess of 155 Mbps. Federal Communications Commission, *The Broadband Availability Gap*, OBI Technical Paper (April 2010), at 115.

Under the Alaska Communications proposal, structural separation between the wholesale operator of publicly-funded middle mile facilities and the retail broadband Internet access providers that use these publicly funded facilities would protect against anti-competitive impulses that occur when a retail provider provides its monopoly middle mile capacity to a potential retail competitor. The wholesale provider would operate on a non-profit basis, exclusively as a carrier's carrier. GCI's ILEC affiliate, United Utilities, Inc. ("UUI") charges excessive broadband Internet access rates in the Alaska Bush facilitated, at least in part, because GCI today uses its monopoly control of terrestrial middle mile facilities in the Alaska bush to deny potential competitors access to the retail broadband market.

As extensively documented in this and other Commission proceedings, most of the currently available and planned middle-mile capability in Alaska is operated on a monopoly basis by an unregulated provider that either denies its competitors access altogether or offers to make it available at super-competitive rates. To put it simply, a retail carrier cannot purchase middle mile capacity to serve communities in the Alaska Bush, such as Bethel, when the middle mile operator charges more for middle mile than the retail provider can recoup from its customers. Based on the TERRA-SW middle mile rates posted on GCI's website, it would cost \$372,400 per month for a 50 Mbps middle mile circuit between Bethel and Anchorage, based on a three year contract.<sup>6</sup> Assuming a very large 100:1 oversubscription rate (which is impractical and leads to poor quality of service), such a circuit could support 500 customers with 10 Mbps downstream broadband Internet access service, yielding a per-customer cost of \$744.80 per month for the middle mile input alone, far above any affordable retail rate for the complete service.

ACS's analysis of the costs involved in providing middle mile service over TERRA-SW, net of the federal Broadband Initiatives Program ("BIP") grant award and loan subsidies UUI has already received, indicates that a reasonable rate for the 50 Mbps middle mile circuit would be roughly 5 to 20 percent of the current \$372,400 monthly rate.<sup>7</sup> Assuming a reasonable rate for this circuit of \$37,240/month, which is 10 percent of the actual GCI rate, the per-customer middle mile input cost for 10/1 service drops to roughly \$74.48/month, bringing the prospect of achieving an affordable rate for 10/1 broadband Internet access service that falls within the Commission's reasonable comparability benchmark much closer to reality.

In contrast, UUI currently offers its Bethel, Alaska customers broadband Internet access services that fall far short of the Commission's CAF Phase II standards, and yet carry rates far in excess of the Commission's established affordability and reasonable comparability benchmarks. UUI, for example, does not offer 10/1 Internet service in Bethel despite its terrestrial middle mile facilities. Rather, the best Internet service available in Bethel is 6 Mbps downstream/2 Mbps upstream with 100 GB of monthly usage.<sup>8</sup> Yet, UUI charges \$299.99/month for that service,<sup>9</sup> far in

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<sup>6</sup> See [https://www.gci.com/~media/images/gci/regulatory/gci\\_terra\\_posting\\_effective\\_07\\_29\\_15\\_final.pdf](https://www.gci.com/~media/images/gci/regulatory/gci_terra_posting_effective_07_29_15_final.pdf); see also ACS Middle Mile White Paper at 12, n.26.

<sup>7</sup> *Id.*

<sup>8</sup> GCI affiliate United Utilities, Inc. lists its retail broadband terms on the website: <http://www.uui-alaska.com/broadband-locations/>.

excess of the Commission's reasonable comparability benchmark of \$118.88/month for voice and CAF Phase II-compliant 10/1 Mbps service that includes 100 GB of usage.<sup>10</sup> These rates prevail despite UUI's receipt of some \$80 million in federal BIP grant award funds and loan subsidies to construct the middle mile transport underlying these services.

Alaska Communications does not believe that ATA intends to disserve the public or sanction and extend the kind of inadequate, unregulated, middle mile monopoly currently serving Southwest Alaska. In fact, the ATA's own members have expressed concern that they cannot guarantee their own broadband build-out commitments due to uncertainty surrounding middle mile availability and affordability.<sup>11</sup>

As Alaska Communications prepares to implement its CAF Phase II program for Alaska, the company is acutely aware of the continuing demand for broadband in areas off the road system that its CAF Phase II plan will not reach. There is a hunger for affordable broadband in remote communities in Alaska that cannot be overstated. The question of middle mile coverage for Alaska is thus a problem for all Alaska, both the areas served by the price cap companies and the ROR LECs' service areas. In order to achieve true universal broadband service availability in Alaska, the Commission should dismiss empty promises and begin to craft a comprehensive solution for the Alaska bush.

Alaska Communications urges the Commission to begin work on an Alaska middle mile plan as soon as it has resolved and issued orders pertaining to CAF II support for both price cap and rate of return carriers in Alaska.

Please direct any questions concerning this filing to me.

Very truly yours,



Karen Brinkmann  
*Counsel to Alaska Communications*

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<sup>9</sup> Rates are shown at: <http://www.uui-alaska.com/internet/>.

<sup>10</sup> *Connect America Fund*, WC Docket No. 10-90, Public Notice, "Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes," DA 15-470, 30 FCC Rcd 3687 (2015), at 1-2 (establishing a reasonable comparability benchmark of \$47.48 per month for voice service and \$71.40 per month for 10/1 Mbps broadband Internet access service with 100 GB of usage).

<sup>11</sup> Letter from Christine O'Connor, ATA, to Marlene Dortch, FCC Secretary, WC Docket No. 10-90 (filed Nov. 19, 2016), at Attachment: "Alaska Plan Performance Obligations."