

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Investigation of Alascom, Inc.	)	CC Docket No. 95-182
Interstate Transport and Switching Services	)	
Tariff FCC No. 11	)	

**ACS LONG DISTANCE COMMENTS ON THE DIRECT CASE OF ALASCOM, INC.**

ACS-Long Distance, Inc. (ACS-LD), by its attorneys, hereby submits its comments on the direct case of Alascom, Inc. (“Alascom”), filed September 17, 2004 in response to the FCC’s *Order Designating Issues for Investigation*, DA 04-2349 (rel. Jul. 30, 2004) (“*Order*”) in the above captioned proceeding.

ACS-LD fully supports the Bureau’s efforts to investigate whether Alascom’s Tariff 11 rates, filed from 1995 to 2003, are just and reasonable and not unjustly or unreasonably discriminatory under sections 201 and 202 of the Communications Act of 1934, as amended. In the past, this tariff has been of particular importance to interstate interexchange carriers in Alaska who have not constructed their own facilities in rural and remote locations in Alaska. In these locations where the market does not justify construction of multiple facilities, the tariff clearly has promoted competition. ACS-LD has used the tariff from the time it came into existence in 1999 and welcomes, finally, the commencement of this investigation.

ACS-LD has spent considerable effort to analyze Alascom’s direct case and supporting data. However, ACS-LD cannot reliably conclude that the electronic computer model that Alascom uses correctly implements the Cost Allocation Plan (“CAP”) approved by the Bureau and, in particular, that Alascom has used it consistently to calculate tariff rates.<sup>1</sup>

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<sup>1</sup> See *Order* at ¶ 13.

ACS-LD found it very difficult to navigate Alascom's CAP workbook. Alascom made numerous minor and mislabeling errors in the workbook and supporting documentation, including incorrect page cites, that made it difficult to trace and verify Alascom's calculations.<sup>2</sup> Also, Alascom did not link some of the workbooks. Consequently, ACS-LD had to manually transfer numbers so that calculations could flow through the model. Since ACS-LD had to make these calculations by hand, it was not certain that the calculations flowed through the model correctly. These errors in describing and constructing the computer model complicated ACS-LD's ability to evaluate Alascom's responses to the FCC's questions.

Additionally, it was difficult for ACS-LD to reliably conclude that Alascom's rate development was consistent with the CAP.<sup>3</sup> Again, errors in the descriptions of some of Alascom's processes unnecessarily complicated tracking how the model allocates data and develops rate elements. Moreover, the FCC only asked Alascom to provide information for selected years, not all years that the tariff revisions covered.<sup>4</sup> ACS-LD appreciates the FCC's efforts to reduce this process to a manageable size. At the same time, the lack of data from all years made it impossible to accurately analyze how costs and rates flowed from one year to the next, or to analyze data trends.

Particularly given these difficulties, ACS-LD believes that the Bureau's audit to evaluate the accuracy of the cost and demand data inputs in the CAP model is critical to the resolution of this case.<sup>5</sup> ACS-LD observed certain questionable shifts in the data over the time periods examined. For example, over the years, plant investment shifted toward Bush locations. However, the majority of Alascom's traffic remained non-Bush over these periods. ACS-LD

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<sup>2</sup> For example, Alascom cited tab "AF" as the page where the rate base is calculated, but this calculation is on tab "AG" in the 2001 folder. There were a number of other similar examples of mislabeling and misciting.

<sup>3</sup> See *Order* at ¶¶ 17-21.

<sup>4</sup> See *id.* at ¶ 13.

<sup>5</sup> See *id.* at ¶ 22.

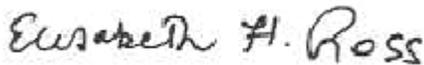
found these anomalies particularly troubling. Certainly, they raised serious concerns about the reasonableness of the Bush rates, and whether they were excessive.

The Bureau's audit will verify the reasonableness of the input data that Alascom used to make these allocations and calculations. ACS-LD urges the Bureau to audit the line items presented within the CAP model in as detailed and comprehensive a manner as possible. The Bureau's audit should help resolve whether the underlying costs and investments have been accurately and consistently collected.

Dated: October 13, 2004.

Respectfully submitted,

ACS LONG DISTANCE, INC.



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## CERTIFICATE OF SERVICE

I, Elisabeth H. Ross, do hereby certify that, on this 13th day of October 13, 2004, a copy of the foregoing ACS Long Distance Comments on Direct Case of Alascom, Inc. was served via electronic mail upon the following parties:

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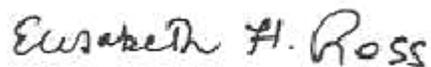
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