
The National Broadband Plan: Putting Telecommunications Services In Alaska At Risk

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- **SCALABLE:** Our network allows you to converge all of your voice, video, Internet and data needs and by defining priorities, you can scale the network to fit your needs so mission critical applications will run ahead of less sensitive ones.
- **QUALITY OF SERVICE:** ACS offers guaranteed end-to-end quality of service levels.

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National Broadband Plan fails Alaska

- Alaska poses unique challenges and costs and High Cost Fund support matters
- Eliminating existing financial support mechanisms will result in the loss of providers and decline of legacy network infrastructure with no guarantee of new broadband services
- The CAF/Mobility Fund may not be available due to satellite backhaul and inappropriate minimum standards
- The CAF/Mobility Fund fails to provide sufficient incentives for constructing and operating broadband networks in rural Alaska
- The NBP undermines competition
- Federal policy conflicts with state policy

There are unique challenges to the delivery of telecommunications services in Alaska

- Alaska has a small, geographically dispersed population with hundreds of isolated communities throughout the state
 - Only three cities with more than 10,000 residents
 - Most Alaskan communities are off the power and telecommunications grids – 62% of which have less than 500 residents – and many of which are only accessible by air or boat
 - Historically low telephone penetration rates, and a unique history as an underserved area

- Extreme weather conditions, distances, and inaccessible terrain create challenges to provisioning telecommunications services
 - Construction season is less than 6 months
 - Fuel may need to be flown to generators at remote wireless/microwave sites
 - Technicians may need to be flown to rural areas, weather permitting

- Much of the state lacks roads, power, and middle mile telecommunications infrastructure
 - Relies on expensive satellite backhaul for telecommunications connections to the rest of the world

Alaska demographics



Total State Pop.	698,473¹
Alaska Native Pop.	106,866¹
Anchorage Alaska Native Pop.	20,345²
Anchorage Pop.	278,700²
Fairbanks Pop.	31,142²
Juneau Pop.	30,737²
Lifeline/linkup customers	68,304



¹ Estimated in 2009
² Estimated in 2006

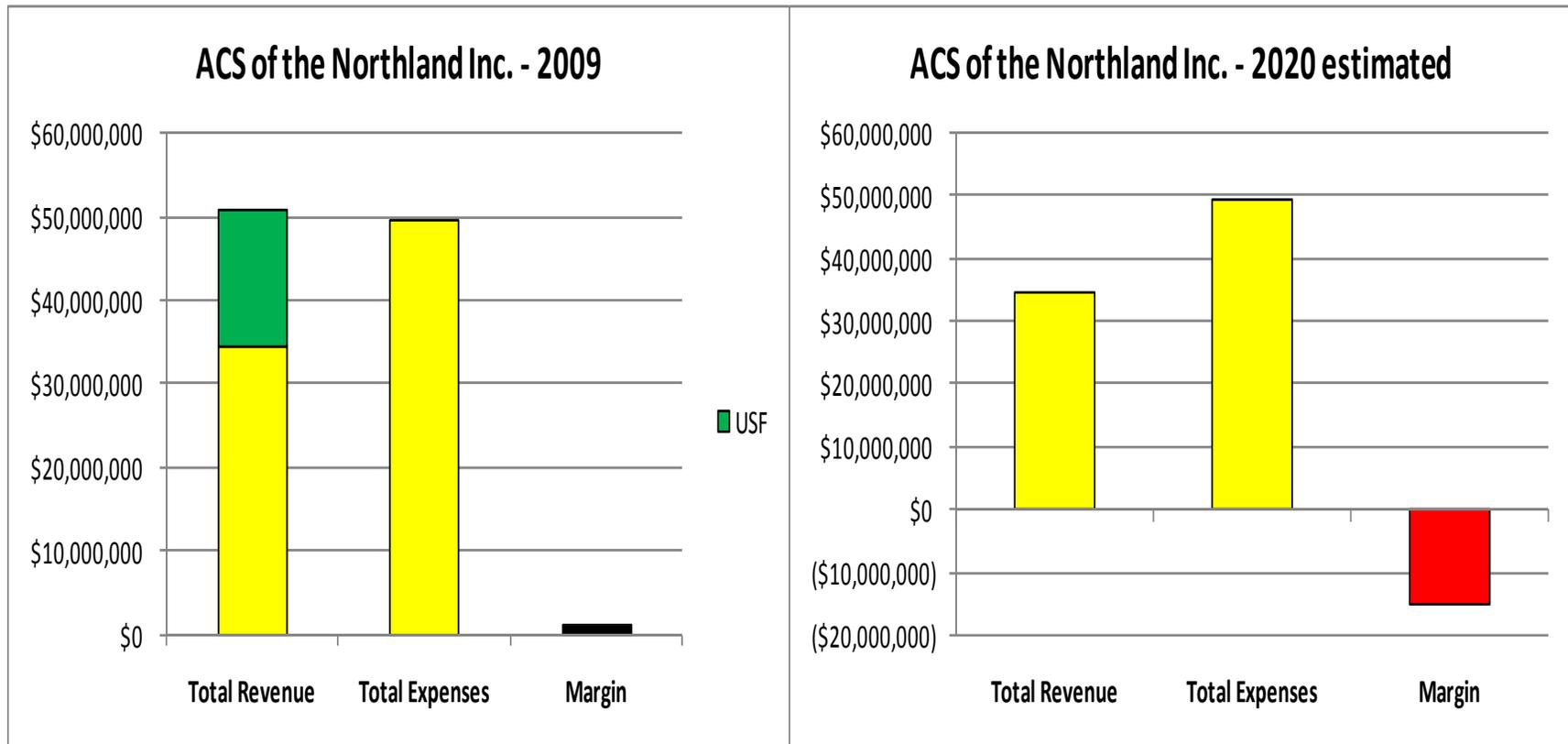
Facilities and communities in Alaska



Existing service providers rely on High Cost Fund support

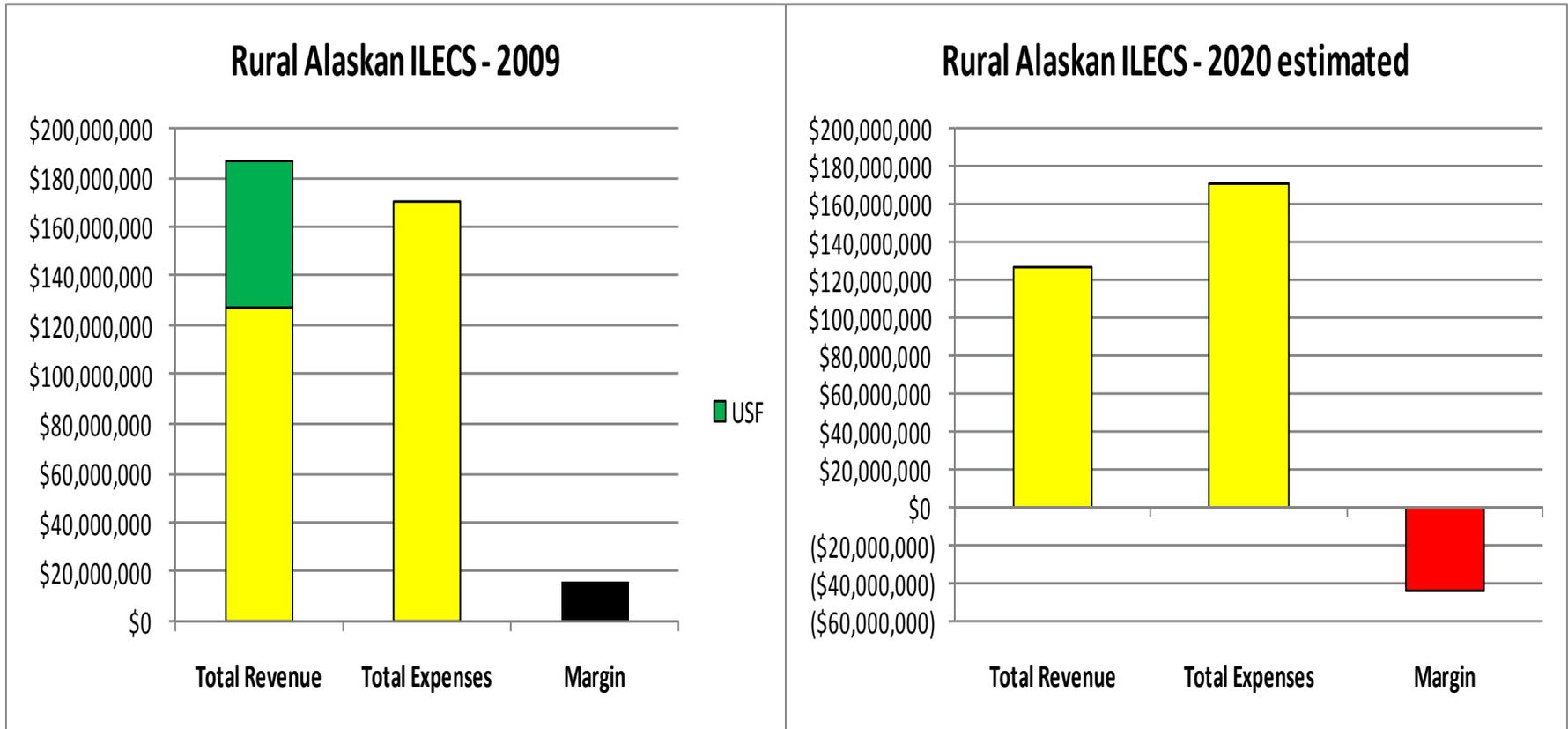
- Implementation of the NBP's USF reforms will eliminate service for some rural Alaskans
 - High Cost Fund (HCF) support is essential to maintain the existing network
 - HCF support is to be eliminated in ten years
 - Qualifying broadband services may not be available prior to the decline of the HCF
 - Many rural Alaskan service providers cannot survive without federal support
- Legacy USF **MUST** continue for Alaska Native regions to prevent a significant **REDUCTION** in telecommunications services

ACS' most rural service becomes unprofitable without HCF



ACS of the Northland serves 62 exchanges, 51 of which are off the road system

Most rural Alaskan LECs are unprofitable without HCF



NBP minimum standards are impractical in Alaska

- The NBP has established a minimum of 4mgb/s download 1 mgb/s upload speeds to receive the proposed broadband support
- The NBP suggests that broadband service utilizing satellite backhaul may not qualify for broadband support, a policy that would eliminate support for hundreds of Alaskan communities
- In many cases, the most efficient delivery of rural broadband sufficient to meet the 4mgb/1mgb standard is likely to be 4G wireless service requiring satellite backhaul currently costing \$50K-100K per month per site
- The capital investment and operating expense for 4mgb/1mgb service levels may not be supported by forward looking models
- As a result, broadband funds may not be available for building and operating new broadband networks in large parts of Alaska

USF reforms will fail to promote investment

- The NBP proposes the use of unrealistic cost models to determine financial support
- The NBP proposal to use reverse auctions will discourage investments
- The NBP proposal to fund only a single provider in an area either creates monopolies or uncertainty
- Rational investors will not make investments in rural Alaska without support mechanisms being sufficient and sufficiently predictable to create a high probability that investment can be recovered and a return earned

Rural Alaskans should not be denied competition

- Federal policy has promoted local and wireless competition for more than a decade
- Competition has brought more telecommunications services to rural Alaska comparable in type and price with services delivered in urban areas
- Competition helps establish market pricing
- Rural Alaskans should not be denied the benefits of competition because a new administration seeks to reduce the size of the Universal Service Fund
- Federal policy should support at least three providers in each area to ensure a market

Federal and State policies are inconsistent

- HCF has enabled rural Alaskan telecommunications providers to meet state carrier of last resort and universal service obligations of legacy network providers
- Alternative services compete with and undermine demand for traditional legacy services
- The FCC now seeks to move the nation away from legacy networks to broadband networks by eliminating the High Cost Fund and creating new broadband funds
- Alaska is not only maintaining, but proposing new obligations on legacy providers
- State and federal policy must be synchronized – by pre-emption on inconsistent state policies if necessary – to avoid severe disruption in telecommunications services

Factors compromising telecommunications services



Summary and solutions

- The High Cost Fund serves Alaskans well today: plans to eliminate the HCF will leave some rural Alaskans who receive voice service today without any service in the future
- Alaska may not meet the FCC's broadband funding eligibility standards
- The NBPs broadband support proposals will not incent new services
- Rural Alaskans should have rights to competition and mobile services
- Inconsistent federal and state policies exacerbate service delivery problems
- Solutions:
 - Alaska is different and all Alaska Native regions should be exempt from proposals to reduce HCF support
 - USF support should be expanded to cover Internet connectivity
 - Broadband should be phased in over time in addition to voice support