

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

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
High-Cost Universal Service Support)	WC Docket No. 05-337

COMMENTS OF ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.

I. SUMMARY

Alaska Communications Systems Group, Inc., on behalf of its operating subsidiaries (“ACS”),¹ submits these comments in response to the request of the Wireline Competition Bureau (the “Bureau”) in the above-captioned dockets for comments on data specifications for documenting incumbent local exchange carrier (“ILEC”) study area boundaries for use in universal service funding.² ACS respectfully opposes the Bureau’s proposal, as it pertains to Alaska ILECs, and suggests herein several alternative and less burdensome proposals for furnishing the Commission the information it needs without unduly burdening small companies such as ACS.

¹ In this proceeding, Alaska Communications Systems Group, Inc. represents four local exchange carrier subsidiaries, ACS of Alaska, Inc., ACS of Anchorage, Inc., ACS of Fairbanks, Inc., and ACS of the Northland, Inc. (collectively, the “ACS ILECs”), as well as ACS Wireless, Inc. (“ACS Wireless”), ACS Long Distance, Inc., ACS Internet, Inc., and ACS Cable, Inc. Together, these companies provide wireline and wireless telecommunications, information, broadband, and other network services to residential, small business and enterprise customers in the State of Alaska and beyond, on a retail and wholesale basis, using ACS’s statewide and interstate facilities.

² *Comment Sought On Data Specifications for Collecting Study Area Boundaries*, Public Notice, WC Dockets 10-90 & 05-337, DA 12-868 (Wireline Competition Bur. rel. June 1, 2012) (the “SA Boundaries Public Notice”).

II. BACKGROUND

In the *SA Boundaries Public Notice*, the Bureau proposes to require all ILECs to map their study areas using latitude and longitude data to specify a polygon in “esri compatible shapefile format.”³ The Bureau intends to incorporate the ILEC submissions into a single nationwide map, to “identify any overlaps and voids.”⁴ Indeed, the primary driver of this data collection effort appears to be resolving study area boundary overlaps.⁵

The Bureau states that confirming ILEC study area and exchange area boundaries is important for implementing several aspects of the reforms adopted by the Commission in its *USF/ICC Transformation Order*, including the Connect America Fund (“CAF”) Phase II cost model for price cap ILEC high-cost support.⁶ As the Commission is aware, ACS is the only price cap carrier serving Alaska, and ACS has a direct interest in the CAF Phase II modeling effort in which the Bureau is engaged. ACS submitted a model for estimating costs in Alaska not captured in prior models for CAF II funding, and ACS has reviewed and extensively commented on the other CAF II modeling proposals submitted by the ABC Coalition.⁷

³ *SA Boundaries Public Notice* at para. 6.

⁴ *Id.* at para 7.

⁵ *See id.* at para. 7 (proposing process “to resolve any overlap issues”), *id.* at para. 8 (seeking comment on process for state commissions “to resolve overlap claims”), *id.* (asking for detailed explanation to the extent parties suggest alternative mechanism “for resolving any overlap issue”).

⁶ *SA Boundaries Public Notice* at paras. 1, 3 (citing *Connect America Fund, et al.*, Report & Order and Further Notice of Proposed Rulemaking, WC Dockets 10-90 *et al.*, 26 FCC Rcd 17663, 17728 (2011) (“*USF/ICC Transformation Order*”), *Pet. for Rev. pending, In re: FCC 11-161*, Case No. 11-9900 (10th Cir., filed Dec. 8, 2011).

⁷ *See ACS Ex Parte Letter, Developing a Unified Intercarrier Compensation Regime, et al.*, WC Docket No. 10-90 *et al.* (filed May 11, 2012); *ACS Ex Parte Letter, Developing a Unified Intercarrier Compensation Regime, et al.*, WC Docket No. 10-90 *et al.* (filed April 27, 2012); *ACS Data Submission, Wireline Competition Bureau Seeks Comment on Potential Data for Connect America Fund Phase One Incremental Support*,

III. DISCUSSION

ACS commends the Bureau's desire to base its decision-making about high-cost funding on more accurate information about ILEC study areas than has been available to the Bureau to this point. However, ACS is gravely concerned that the proposed data collection requirement will impose on ILECs extraordinary costs not justified by the expected benefits, at least not as to Alaska study area boundaries where overlap is seldom an issue, and not reimbursed by the government. To the extent that the primary interest driving this effort is identifying study area overlaps in the currently available data, ACS submits that this is far less likely to present any concern in Alaska than it may present in the Lower 48 states. ACS therefore proposes several alternatives for mitigating those costs for Alaska carriers, while still accomplishing the Bureau's chief goal of improving the accuracy of its process.

A. Compiling Shapefiles Of Study Area and Exchange Boundaries Will Consume Inordinate Amounts of Scarce Resources Without Justification

The *SA Boundaries Public Notice* requests comment on a proposal to require all ILECs to provide the specified data in shapefile format, without regard to the size of the

FCC Public Notice in WC Docket Nos. 10-90 and 05-337, DA 12-137 (rel. Feb. 6, 2012) (filed March 30, 2012); ACS Data Submission, *Wireline Competition Bureau Seeks Comment on Potential Data for Connect America Fund Phase One Incremental Support*, FCC Public Notice in WC Docket Nos. 10-90 and 05-337, DA 12-137 (rel. Feb. 6, 2012) (filed March 9, 2012); ACS Data Submission, *Wireline Competition Bureau Seeks Comment on Potential Data for Connect America Fund Phase One Incremental Support*, FCC Public Notice in WC Docket Nos. 10-90 and 05-337, DA 12-137 (rel. Feb. 6, 2012) (filed February 29, 2012); ACS Data Submission, *Request for Connect America Fund Cost Models*, FCC Public Notice in WC Docket Nos. 10-90 and 05-337, DA 11-2026 (rel. Dec. 15, 2011) (filed February 13, 2012); ACS Comments, *Connect American Fund, High-Cost Universal Service Support*, WC Docket Nos. 10-90 and 05-337 (filed February 1, 2012).

entity or the likely burden this proposal would entail.⁸ The Bureau does not estimate the likely amount of effort that compliance would require nor the amount of time that should be allotted.

ACS believes that the Bureau is proposing a data collection effort that would require substantial time and expense for many companies. For the ACS ILECs alone, who together serve six study areas and 80 exchanges, ACS estimates that compliance would require the efforts of four full-time equivalent employees for a period of eight to twelve months. Because of Alaska's severely constrained construction season, this work only could be performed at certain times of the year when the relevant company personnel are not fully occupied with network build-out.. The cost to ACS likely would be in the neighborhood of \$500,000 or more, a substantial burden to the company. ACS is a small company, with fewer than one thousand employees. The other Alaska ILECs are even smaller. An expense of this magnitude ought not to be mandatory for such entities except where the public interest compels it due to a strong regulatory justification *and* a lack of less costly alternatives. Alternatively, if the FCC concludes that the value

⁸ As required under the Regulatory Flexibility Act, the Bureau seeks comment on the proposed impact of these requirements on small entities; however, the Bureau requires that such comments be submitted under separate cover, in response to the Initial Regulatory Flexibility Analysis, appended to the *SA Boundaries Public Notice*. Moreover, only in the Initial Regulatory Flexibility Analysis does the Bureau mention that most ILECs are small businesses and may be adversely affected by the proposed requirements. As explanation of what steps the Commission has taken to mitigate the burdensome effect on small businesses, the Bureau states that comment is sought from all interested parties, that small entities are encouraged to bring to the Commission's attention any specific concerns, and that the Commission expects to consider the economic impact on small entities, but believes that any adverse impact is outweighed by the accompanying public benefits. See *SA Boundaries Public Notice* at App. B, paras. 10-12.

of this data exceeds the cost, the Commission should make available to the ILECs sufficient supplemental funds to cover the cost of compiling this information.

ACS respectfully submits that the Bureau has demonstrated no compelling regulatory justification – at least not one that applies to Alaska ILECs. As noted above, the Bureau’s primary justification for the proposed data collection requirement is to resolve overlapping study area boundaries in existing data files. In Alaska, however, very few study areas are contiguous. Typically, they are separated by expanses of national park land, state park land, or bodies of water. Often, even the exchange area boundaries are non-contiguous.⁹ ACS therefore believes that the likelihood of overlapping boundaries on existing Alaska ILEC maps is greatly reduced. It is thus difficult to rationalize the type of expense that is proposed in the *SA Boundaries Public Notice*, especially at a time when ACS and other Alaska carriers are grappling with significant revenue reductions as a result of the *USF/ICC Transformation Order*. Moreover, as ACS suggests below, far less costly alternatives do exist to capture Alaska data for the Commission’s purposes.

⁹ Even within the state, study area boundaries are highly idiosyncratic. ACS of the Northland’s Sitka study area is a collection of non-contiguous areas that matched the actual locations served at the time the study area was established. Other study areas encompass vast unpopulated expanses in addition to the customer locations served. For example, the Artic Slope Telephone Association Cooperative, Inc. (“ASTAC”) study area stretches from the Canadian border across the North Slope of the Brooks Range to Point Hope, and includes a large portion of the uninhabited Alaska National Wildlife Refuge and parts of the Gates of the Arctic National Park, as well as other unpopulated areas. Service area maps are posted by the Regulatory Commission of Alaska at: <http://rca.alaska.gov/RCAWeb/ViewFile.aspx?id=6c04924b-488d-4f01-b859-eb4caeb754e9> (ACS of the Northland); <http://rca.alaska.gov/RCAWeb/ViewFile.aspx?id=1657c427-e990-47e6-ae26-6c2253b0570e> (ASTAC).

B. The Bureau Should Adopt A Cost-Effective Alaska-Specific Solution

The proposed compilation of study area and exchange area boundaries may be tailored for Alaska in at least two respects that would render the requirement both less burdensome and more suitable for that region.

First, the Bureau should not require that mapping methods be entirely uniform nationwide –Alaska should be exempt from any such a requirement. The state of Alaska is not contiguous with any other state, thus no Alaska study area shares a boundary with any study area in another state. It goes without saying, therefore, that an error in any Alaska study area boundary map – unless it were an error of a thousand or more miles – would have no impact whatsoever on study areas in other states; and the inverse also is true.

Second, the Bureau should not require that Alaska ILECs submit shapefiles to map every study area and exchange area boundary. It should suffice for them to map their current customer locations. As a practical matter, many Alaska study areas encompass substantial territory without any inhabitants – and even territory without any land. Study area boundaries frequently lie in bodies of water, on unpopulated mountainsides, in state or national forests, and in wilderness areas and wildlife refuges, for example. The production of shapefiles accurately depicting these boundaries would likely be extremely costly, as discussed above, yet serve no regulatory purpose for the Commission. There simply are no potential wireline customers in these boundary areas.

The actual service footprint of Alaska ILECs would be a far more useful tool for the Commission in estimating customers, density, and other metrics relevant to high-cost CAF support. Indeed, this type of data already exists in many locations. ACS believes,

for example, that for the parts of its service territory on the road system, it could produce customer locations by census block far more cheaply than shapefiles, and without diverting as much valuable employee time (or spending money on consultants) that would be better devoted to operations support and network expansion.

Alternatively, the Bureau should await the outcome of the CAF II modeling effort before adopting any requirement of this type for Alaska. It is conceivable, for example, that only study area density and road miles will be required in order for the Bureau to complete its CAF II modeling – in which case the precise mapping of study area boundaries would serve no purpose. This information already exists – in fact, ACS has provided it to the Commission.

IV. CONCLUSION

For foregoing reasons, ACS opposes the imposition of the proposed mapping requirement and urges the Bureau to consider an Alaska-specific alternative, as outlined above. ACS believes that the Bureau can achieve its regulatory objectives at far less cost and burden to small companies like ACS, using the modified approach advocated herein.

Respectfully submitted,

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